

the taxpayer



Summer 2010

The Class of '04:

75 MPs join pension trough P34

HST:

A new study measures the impact on BC and Ontario households P13

Tax Freedom Day

Charting 18 years P19

More MPs?

A debate P24

Taxpayer.com

From the President



Troy Lanigan

tlanigan@taxpayer.com

Taxpayers engaged are taxpayers empowered

I want to make an urgent plea to all of you to please supply us with your e-mail address if you have not already done so.

Our strategic direction is increasingly focused on organizing large numbers of supporters to affect public policy outcomes. We simply cannot do this effectively if we cannot be in touch with you more often than once every three months.

Pages 30-35 detail some recent campaigns: our ongoing fight to end the long gun registry, stop MPs from sending junk mail outside their ridings, ending OAS and GIS payments to prison lifers like Clifford Olson and most recently, successfully supporting the auditor general's effort to open Parliament's books for the first time in 19 years!

Each of these successful efforts was initiated by an *Action Update* sent via e-mail.

But don't take it from me.

In this issue of *The Taxpayer* we offer three full pages of letters and I encourage you to take the time to read for yourself the enthusiasm this new direction has breathed into the organization.

Some have said these policy issues are largely symbolic. Fair enough, but they are also creating leverage for larger issues (the debt, corporate welfare, public sector wage gap) and more important, gathering tremendous momentum.

It's a momentum that is resulting in more

supporters, donations and victories.

Those of you that receive this publication are the primary funders of our activities. Yet, most of you are not on our e-mail list and as such see very little of the advocacy efforts we undertake. Moreover, there is power in numbers. Taxpayers engaged are taxpayers empowered.

The two most common objections to using e-mail are download speeds in rural areas with dial-up and a frustration with receiving more "junk e-mail." Well, we promise to never send you junk mail. And second, we've taken out graphics so that download speeds on dial-up are no longer a concern.

Try it out, and if you don't like receiving our e-mails you can always unsubscribe. I promise you, you will not be disappointed. Pick up the phone right now and call us at 1-800-667-7933 with your e-mail address. Fax us at 1-800-465-4464. Or, even better, e-mail us at admin@taxpayer.com.

On March 24th this year we sent to one recipient an *Action Update* that was opened 3,225 times. How? It was forwarded to people, who forwarded it to more people who forwarded it to still more people. That's the power of a viral campaign. It is how thousands of Canadian taxpayers see our videos, commentaries, petitions, calls to action and, as a result, are introduced to the CTF for the first time. It is how we will grow. It is how we will succeed in advancing our mission. ■

"I want to make an urgent plea to all of you to please supply us with your e-mail address if you have not already done so."

The Canadian Taxpayers Federation is a federally incorporated not-for-profit and non-partisan organization dedicated to lower taxes, less waste and accountable government. Founded in 1990, the Federation is independent of all partisan or institutional affiliations and is entirely funded by free-will, non-tax receiptable contributions. All material is copyrighted. Permission to reprint can be obtained by writing the admin office.

Taxpayer.com

Editorial cartoons are used by permission. Printed in Canada.

Summer 2010

PUBLICATIONS MAIL AGREEMENT NO. 40063310
RETURN UNDELIVERABLE CANADIAN ADDRESSES TO:
CANADIAN TAXPAYERS FEDERATION
105-438 VICTORIA AVE. EAST
REGINA, SASK S4N 0N7

Summer 2010



The Cover:



Around the CTF

The CTF has had an incredibly productive first six months of 2010 from helping eliminate senior benefits for prison lifers to continuing to blow the whistle on gold-plated MP pensions.

Columns & Opinion:



24 | Gaudet and Lanigan debate:

Should Parliament add 30 seats?

4 | Letters

16 | Milke: Canadians are on the hook for Greece and maybe a lot more

22 | Litwin: Where are films on freedom and self-determination?

The Nation:



13 | Murrell: Harmonized Sales Tax

A new study measures the impact on BC and Ontario households

7 | WasteWatch

19 | Charting Tax Freedom Day

28 | You Asked for It: Who holds Canada's debt?

The Provinces:



46 | ON: Eco-tax watch

Latest round hits dishwashing liquid and aspirin

36 | BC: Unite to fight city hall and win

38 | AB: Calgary's audit mess

40 | SK: Keeping tabs on politicians

42 | MB: Not so frozen wages

44 | ATL: Taxpayers in no mood to Dance Dance

The Taxpayer magazine is the official publication of the Canadian Taxpayers Federation and is produced four times a year. For more information contact:

Saskatchewan /Administration: #105 - 438 Victoria Avenue East, Regina, Saskatchewan S4N 0N7 PH: (800) 667-7933

British Columbia: P.O. Box 20539, Howe Street RPO, Vancouver, BC V6Z 2N8 PH: (800) 699-2282

Alberta: #202 - 10621 - 100th Ave., Edmonton, Alberta T5J 0B3 PH: (800) 661-0187

Manitoba: #212 - 428 Portage Avenue, Winnipeg, Manitoba R3C 0E2 PH: (800) 772-9955

Ontario: #1140 - 2255 B Queen Street E., Toronto, Ontario M4E 1G3 PH: (877) 267-3218

Federal: #512 - 130 Albert Street, Ottawa, Ontario K1P 5G4 PH: (800) 265-0442

Web: www.taxpayer.com

E-mail: admin@taxpayer.com

Letters-to-the-editor

The new look CTF

Your effort in getting this system set up and operating is appreciated very much. A direct line from the taxpayer to the ear of elected representatives will remind them who they are supposed to be representing. I will be willing to donate more to the CTF as I monitor your operations and the effect on government. Way to go!

Don Beckett
Calabogie, Ontario

I am a long-time supporter of the NDP, and continue to be. However, I am donating to the CTF because you have managed to be both non-partisan and relevant. You have successfully distanced yourself from any party affiliation, thus keeping your eye 'on the prize'.

Letters-to-the-editor

Letters may be edited for length, content and clarity.

Send your letters to:

The Taxpayer

c/o #105-438 Victoria Ave

E. Regina, SK S4N 0N7

Fax: (250) 881-1108

e-mail: letters@taxpayer.com

Canadian
Taxpayers
FEDERATION

Dear supporter:

A win is close at hand!

Later today Minister Diane Finley will be presenting Bill C-31 titled 'Eliminating Entitlements for Prisoners'. The bill will eliminate Old Age Security (OAS) and Guaranteed Income Supplement (GIS) entitlements for currently incarcerated prisoners.

This is a big step forward for the nearly 50,000 Canadians that signed the Canadian Taxpayers Federation's petition to [end OAS/GIS benefits for convicts](#) like Clifford Olson. We [hand delivered your message](#) directly to the minister responsible on the steps of Parliament.

Today, the minister and her government will respond.

More often than not we are critics of government, but when they do something right, they deserve credit. Please [send a quick note to the Minister](#) commending her initiative in getting this bill introduced.

However, this campaign is not over!

At least one of the other three parties in the House Commons will need to support this bill in order for it to pass.

Can you please send a quick e-mail to one or all of the other party leaders and ask them to support immediate passage of Bill C-31?

[Jack Layton](#) | [Gilles Duceppe](#) | [Michael Ignatieff](#) | [All](#)

Thanks for your support,

--Derek, Kevin, Troy and the rest of the CTF team

and I really see the CTF as providing an essential service for a healthy democracy. On occasion I disagree with your positions, but even then, I'm glad the CTF is there to stimulate discussion.

Tara Lynn
Dorscher
Calgary, Alberta

Well done!

I especially appreciate the current work on Parliamentary spending, the salaries of some of the small Aboriginal band council members and the dumb "fake lake" thing. Hell ... all of the stuff you've been e-mailing lately has been great! Keep it up.

Jon Oxley
Lethbridge, Alberta

I like the opportunity to see how my MP voted. Great idea. Keep it up!

Gary Marshall
Cowichan Bay, BC

Thank you for being a voice for us. Maybe if we all get together we can start making our politicians accountable and stop some of the nonsense that has been going on.

Larry Shantz
Bloomingdale, Ontario

You guys do great work,

Thanks for the *Updates*. Sure am happy to see what we have accomplished together with your help. Keep up the very good work.

Maggie Forbes
St. Albert, Alberta

The work your group does is AWESOME! Thanks from a taxpayer!

Tony Hermann
Medicine Hat, Alberta

Well done! Worth every penny of my donation. Keep up the good work!

Carol Levasseur
Delta, BC

Thanks to [information I gleaned from Taxpayer.com] I [sent a letter] to the prime minister. It's time in Canada for more online ... citizen action.

Roberta Hodges
Port Moody BC

It is my hope this organization will grow across Canada speaking for equitable taxes and responsible spending. Governments are out of control!

*Stephen Sinasac
Binbrook, Ontario*

I have just signed and forwarded [one of your petitions] to my e-mail friends. I hope, with your help, we can continue to make changes via e-mail as we can contact so many in a very short time.

*Judy McKinnon
Surrey, BC*

What a thrill to see your information and how we can play a part in ensuring that action can be taken. Keep up the good work

in opening our eyes and minds to what is going on and in offering us, the public, an opportunity to participate and demand governments be responsible to those who have elected them.

*Sylvia Sigurdson
Bifrost, Manitoba*

Thank you for starting petition[s] and watching out for the taxpayers who are unable to keep track of everything going on out there.

*Sandra Gartz
Kitchener, Ontario*

five MPs. Subsequent to my e-mail to Jack Layton, I have received two e-mails from NDP MPs outside my riding. No response as yet from my Conservative MP. I did however receive an e-mail from the Conservative Party of Canada requesting a donation.

*Gil Mouat
Salt Spring Island, BC*

Why is it that every single Conservative MP voted against the motion [to ban 10 percenters]?

*Carm Morana
Toronto, Ontario*

Ten percenters

Your *Action Update* on ten percenters motivated me to send e-mails to

No OAS/GIS for convicts

As a senior and a seven-year military veteran, I have been trying for many years to get coverage for dental and eye-care from our government. My requests have been repeatedly turned down. In the past year, my out-of-pocket cost for these items amounted to over \$3,000. Meanwhile, a piece of garbage like Clifford Olson is receiving every financial consideration our government can throw



at him. Our outrage should be directed not only to the undeserving beneficiaries, but more directly to those who have allowed it to happen. Has no one in our government been aware of what has been going on?

Bill Colbert
Hamilton, Ontario

I would like to thank you for your initiative in getting Bill [C-31] introduced! I understand that at least one of the other parties in the House of Commons needs to support it in order for it to pass. Please keep the pressure on!

Convicts do not deserve benefits – the money would be better spent to support programs for the survivors of their crime or their families!

Roberta Lauzon
Sault Ste Marie, Ontario

MP expenses audit

I think it is time the bunch in Ottawa realize that the Parliament Buildings are NOT Mount Olympus and the Prime Minister is NOT Zeus and the MPs and Senators are NOT Greek Gods. None of them feel they owe Canadians access to the books showing how \$500 million is spent running Parliament? We are

Ode to MP Expenses

*Strangely on the news today,
Miss Fraser couldn't get her way.
Requests she made to our MP's,
to audit their expenses please!
The answer then was loud and clear,
Check our spending? No damn fear!
Check our clothes and check our hats,
Check our this and check our that.
But keep your nose out of our affairs,
and do your thing with other players.
If we can make some extra dough
who are you to tell us no?
We don't know how long we'll be here,
Some will be out on their ear.
We'll make hay while we are able,
governments are not that stable.
We'll be truly dejected,
When those others get elected.
You can audit those all you want,
but audit us? No you shant.*

T Trower
Georgetown, Ontario

their bosses! A poll by Leger Marketing shows that 88% of Canadians want the books opened up – are they listening?

Shirley Scott
Toronto, Ontario

Debt

Recently Mr. Flaherty announced stricter rules for Canadians regarding taking on too much debt. Maybe they should apply the same rules to themselves?

Anna Moscardelli
Point Edward, Ontario

Deficit spending, and borrowing to cover that spending, makes pro-

grams more expensive in the long run and downloads the cost to lower income earners. This is because upper income earners purchase the debt; while all taxpayers have to pay the interest. It is in effect a transfer payment from lower to upper income earners.

Governments should be prevented from borrowing. Whatever is a necessary program or project should be funded by current taxation, which would thus be cheaper

in the long run and force a more step by step approach to be affordable!

Rod McGillawee
Oshawa, Ontario

Gun registry

I appreciate your work. I took the time to send e-mails to Ignatieff and the eight MPs in his caucus that earlier supported abolishing the registry. Thank you for making it easy to click and send. THAT had me doing my letters right away instead of "I'll do it later."

Peter Murray
Toronto, Ontario

MPs sued, taxpayers pay

A recent report states that between 2006 and 2009, taxpayers picked up the legal fees for 29 MPs who were sued. The Board of Internal Economy (BOIE) refuses to provide any details on the law suits including MP names, legal fees or damage payouts.

BOIE stated 34 MPs had requested assistance, but five were turned down because the lawsuits were not connected to their duties as an MP.

This is the same board that oversees MP expenses and initially turned down

The taxpayer-friendly skies

The House of Commons is a member of a number of international parliamentary associations. Each association holds events which – as a member – Canada is obliged to both send and host participants.

SUN Media reports \$1.6 million was spent in 2009 for 86 trips that included Japan, Trinidad and Tobago, Australia, Bermuda and numerous European destinations.

MPs love the taxpayer-friendly skies, and it shows

The Canadian Parliament spends approximately \$3.6 million a year related to its Parliamentary association obligations. This includes \$1 million on membership fees and approximately \$2.5 million on travel and hosting. Commendably, Senator David Tkachuk sought to axe the budget but was unsuccessful convincing his colleagues.

Liberal MP Byron Wilfert who spent \$20,744 travelling with a Senator to Tokyo last year told *SUN Media* that references to junkets “infuriates” him. “I don’t have to justify anything I do, because it is very clear what I do.”

Wilfert said his trip to Japan for example convinced officials there to appoint a military attaché at their embassy in Ottawa – an issue that weighed heavily on the minds of many Canadians we’re sure! Wilfert also met with the prime minister of Vietnam because he is the chair of the Canada-Vietnam association. No word on a military attaché from Vietnam.

Though there are rules governing international travel, (i.e. MPs can only fly business class if the trips are over nine hours long), MPs seem to treat them more as guidelines – one pair of tickets to Geneva was just under \$8,000.

Sheila Fraser’s request to audit their books.

Of the 34 lawsuits initially considered by BOIE, seven involved employment issues, three defamation, two libel and one Parliamentary privilege. There was no indication what the remaining 21 involved.

Curiously, Liberal MP Paul Szabo stated in an interview with *SUN Media* that the release of details on lawsuits was a major reason MPs resisted an audit of their expenses. Some speculate the list of lawsuits may include sexual harassment cases that could prove politically damaging.

With files from *The Hill Times*
and *Sun Media*

With files from *SUN Media*



Who is auditing the auditor?

In 2004, when Alain Lalonde left his employ with the federal government to work as an auditor for the City of Ottawa, he had to decide what to do with his federal pension?

Lalonde decided to merge his federal pension with his municipal. But there was a problem – his federal pension was actually worth less than the municipal one. In order to get full benefits from his municipal plan, Lalonde had to kick in additional dollars.

So Lalonde asked the City of Ottawa to compensate him for all the monies he had to pay to top up his municipal pension. Incredibly, city councillors approved the request awarding Lalonde \$104,000.

Many city councillors admitted they made a mistake approving the deal and a few confessed they had no idea what they were being asked to approve.

One pension specialist says the city set a horrid precedent and expects a number of employees to ask for similar privileges. He questions how the city can say no.

Ironically, this entire issue was sparked by the auditor who is supposed to make sure there is no waste and abuse in city spending.

With files from *CBC.ca*

“Citizens should be free to build public support around a public policy position and get in the face of our elected officials. But should taxpayers be forced to pay for it?”

Big bucks for big government activists

Federal taxpayers fund lobby-groups to the tune of millions of dollars each year.

During the Copenhagen Warm-mongering Conference this past December, one of the most visible and active protest groups was Climate Action Network Canada (CANC). CANC repeatedly attacked the Canadian government on the international stage, including a well-publicized Fossil Award given the Prime Minister for failing to adequately address CO2 reduction.

The Canadian Centre for Policy Studies (CCPS) recently examined the 32 member organizations which make up CANC and found the usual assortment of big-government activists including the Canadian Labour Congress, Assembly of First Nations, United Church and Equiterre. According to CCPS, these organizations collectively received more than \$32 million from the Harper government in fiscal year 2008 alone. CCPS further found that some of this money was coming from Canadian International Development Agency of all places!

Citizens should be free to build public support around a public policy position and get in the face of our elected officials. But should taxpayers be forced to pay for it? And why is the Harper government so lavishly funding groups dedicated to their demise?

I guess the only question now is whether the flights to Copenhagen last December were in business or first class?

With files from *Policystudies.ca*



PHOTO: FLICKR.COM/OXFAM INTERNATIONAL

Facing off on Facebook

The federal government is paying Social Media Group (SMG) – a Toronto-based business – \$75,000 to monitor comments posted on online forums and social media sites such as Facebook.

Specifically, the contract calls for SMG to monitor discussion critical of the commercialized seal hunt off Canada's East coast.

When SMG becomes aware of discussions, it notifies staff from either the Department of Fisheries and Oceans or the Department of Foreign Affairs who will then engage the discussion and present arguments countering those opposing the hunt.

Staff from these two departments have been specifically trained to engage in online discussion.

If this test project proves successful the program may be expanded to include other areas of discussion.

With files from *Canadian Press*

Blowing in the wind

This past spring, Toronto city councillors were surprised to learn the city was spending \$250,000 to study Toronto's weather and the possible impact climate change may have.

Specifically, the study will address three specific issues:

- "What is Toronto's current weather and climate? And why?"
- How are Toronto's current weather and climate drivers expected to change? And why?"
- What will be Toronto's future climate and weather? And why?"

Most call it a complete waste of tax dollars as the issue has been studied ad nause-

am and would simply require a city bureaucrat calling over to Environment Canada or spending an hour or two on the internet.

One city councillor, David Shiner, said he was speechless when he found out via the me-



Why don't
we just
deport
convicted

non-citizens, instead of jailing them and then deporting them after their sentence is finished?

dia about the expenditure. He said though they will be studying "blowing of the wind" in reality, tax dollars are being blown out the building.

With files from the *National Post*

In a galaxy far, far away

It was discovered via an access to information request by *Canadian Press* that taxpayers spent \$400,000 in a failed bid to produce a menu for space travel. The Canadian Space Agency (CSA) wanted to develop a uniquely Canadian menu for its astronauts, with the grandiose idea it would eventually replace the time-proven American fare used by NASA.

So in 2006, the Space Agency tendered a contract to develop a menu. The Space Agency coughed up \$65,000 and Agriculture Canada \$350,000.

The space fare had to be uniquely Canadian and some of the proposed menu items included Bison meat loaf and maple cookies.

But there were problems. The mushroom sauce wasn't thick enough and there were concerns it would come apart in space. There was also the issue of providing packaging that would ensure an extended shelf life.

By January 2008, those developing the space food menu were requesting more money. By the end of 2008, the program was wrapped up having failed to produce even a single days menu.

The only thing CSA had to show for the nearly half-a-million dollars was a dozen packages of cookies called "canasnacks," which were shipped to NASA.

So did the Canadian astronauts starve? No. CSA simply bought commercially available items at the local food store.

Why weren't these used in the first place?

Well, according to one CSA representative there were concerns that despite what the packaging said, the items may not be originally Canadian.

With files from *ctv.ca*

Greece of America

In the small California city of Bell (population 38,000), Taxpayers are up in arms after discovering their city manager is paid \$787,637 annually and receives a 12% increase each year. The chief of police is paid \$457,000 annually and councillors \$100,000 each for part-time work. According to 2008 statistics, the annual salary of

Bell residents is only \$24,800.

This past July, enraged taxpayers closed down a council meeting where there were so many in attendance they couldn't all fit in the chambers. Many gathered in the lobby where they pounded on the chamber doors demanding council members resign.

Those inside demanded accountability and transparency. However, councillors refused to address the salary issue and ended the meeting stating they required prior notice for such discussions.

With files from *bloomberg.com*

Skip prison time, just deport

The *Winnipeg Sun's* Tom Brodbeck recently made an interesting observation – why does the Canadian justice system spend millions of dollars housing prisoners who will almost certainly be deported upon their release?

Brodbeck noted an example recently where a non-citizen was sentenced to 15 years in prison for murder.

As taxpayers spend about \$100,000 per

prisoner per year on incarceration costs, Brodbeck asks – why don't we just deport the guy now instead of spending \$1.5 million and *then* deporting him?

The CTF is currently seeking information from the federal government to determine how many criminals in Canadian prisons fit into this category. Stay tuned!

with files from the
Winnipeg Sun

It's not science fiction: \$400,000 for a dozen packages of cookies.



Refugee Reform

Federal Citizenship and Immigration Minister, Jason Kenney – and former president of the CTF – has been unafraid to rock the boat in policy changes under his portfolio.

Minister Kenney's Bill C-11 would make several changes to Canada's immigration and refugee system that will see legitimate refugees fast-tracked, bogus refugees sorted out and taxpayers getting better bang for their buck.

States Kenney: "Canada's asylum system is broken. We must act to avoid a two-tier immigration system: one for immigrants who wait in line – often for years – to come to Canada, and another for those who use the asylum system, not for protection, but to try to get through the back door."

Included in the reforms are a new appeal process for applicants, a guarantee to remove failed applicants within a year – as opposed to the current average of 4 1/2 years – and a "safe-country" designation to help streamline the process.

Government estimates put the waiting time for a refugee's claim to be heard at 60-days under Minister Kenney's proposed reforms, a massive improvement over the 19-month average right now.

Government estimates place the cost of failed asylum claims at \$50,000 per case, a cost carried mostly by provincial governments for healthcare and welfare spending. It is estimated that this cost will be reduced to \$29,000 per claimant under the proposed regime.

While provincial governments will see savings from the reforms, the federal government is expected to increase its Resettlement Assistance Program (RAP) by \$54 million. RAP is geared towards helping refugees settle and integrate, a much more productive use of taxpayers' money than paying for the healthcare and welfare of illegitimate refugee claimants.

The political dynamics surrounding Minister Kenney's proposed reforms are still shifting and the final product that will become law is still not known, but if the main thrust of what he is attempting to achieve is successful, immigration/refugee reform advocates and taxpayers alike will have cause for celebration.



Ottawa handles failed asylum cases would see provincial costs drop from \$50,000 per claimant to \$29,000.

Keys please

In early July, Peter Kelly, the mayor of Halifax, made the extraordinary move of issuing a memo to councillors warning of alcohol abuse, excessive alcohol consumption in public and drinking and driving.

The move was made after complaints from citizens and even members of city council, about the behaviour of a handful of councillors at public events.

Kelly mentioned no names and added though concerns were expressed these councillors may have driven after drinking alcohol, there was no direct evidence this happened. It was later revealed at one public event, Kelly confiscated the keys of a councillor.

Kelly admitted in the past he has had one-on-one meetings with councillors over their drinking habits.

With files from
Canadian
Press

Changes
to how

A “stimulating” irony...

When Jean Chretien’s government funded a bocce ball court under the guise of “infrastructure,” it became a symbol to the Opposition Conservatives of Liberal profligacy.

Yet, a little more than a decade later, and the Conservative government has funded two – yes two – bocce ball projects as part of its Economic Stimulus Plan.

Macleans.ca has released an excellent summary of projects funded under the two-year, \$40 billion plan announced in January 2009 (\$60 billion if one includes matching contributions from lower levels of government). And bocce ball courts just scratch the surface: one bowling alley, two slo-pitch parks, three cricket pitches, six lawn bowling clubs, ten skateboard parks, 17 baseball diamonds, 47 tennis courts, 50 soccer fields, 51 curling rinks and 280 arenas and ice rinks.

How about \$127,875 for a canoe and dock in Northern BC or \$1 million to “increase awareness” of the Calgary Stampede. Then there’s \$60 million over five years to promote cruise ships on the St. Lawrence and Saguenay Rivers and \$569,425 for a statue to honour the founder of Baie-Comeau, Quebec (no, it’s not Brian Mulroney). There’s a further \$1.5 million for a circus school, a comedy school and a theatre school.

Don’t worry, business got in on the action as well. Canada Bread, for example, received \$2 million to “engineer and design” a new plant. Never mind that the company generates \$1.7 billion in revenue each year.

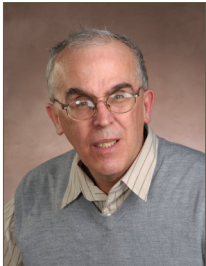
A spokesperson for the PMO notes that highways, roads, water systems, public transit and municipal buildings account for 80% of the funds. Nonetheless, that still leaves billions spent on rushed projects of dubious benefit at a time the federal government alone is borrowing \$135 million a day.

The Parliamentary Budget Office notes that when the recession officially ended in November 2009, only one-tenth of stimulus funds had been spent. The stimulus obviously has much to do with ribbon cutting than economic recovery.

Nonetheless, the stimulus continues. Economic Action Plan signs – which, according to *Le Devoir*, cost between \$800 and \$7,000 each – are still being erected faster than paint can dry. Stimulus spending in July is expected to hit a jaw-dropping \$900 million! Jean Chretien’s bocce ball court is fiscally “conservative” by comparison.



HST: Measuring the cost on BC and Ontario households



By David Murrell, PhD

The Ontario and British Columbia governments – in their recent announcements on the imposition of the Harmonized Sales Tax (HST) – emphasize possible invest-

ment and job creation benefits from the new tax. The HST replaces the old provincial retail sales taxes. It broadens the consumer tax base to include most service expenditures and allows businesses to write off HST taxes paid on inputs and capital purchases. Both governments stress their respective reductions to personal income taxes, through increased tax credits and, in Ontario's case, actual reduction in tax rates.

However, a recent study I have completed on the new HST suggests that middle and upper-middle income groups in the two provinces will face rather stiff tax increases. And British Columbia households will pay relatively more in taxes. (Here I report only longer-run net tax increases in 2008 dollars – i.e., after the Ontario Sales Tax Transition Benefit stops and when the effects of input-tax cost savings are passed more fully onto consumers). My study suggests – looking at both HST increases and personal income tax reductions – that the average family in Ontario will pay an extra \$290 in net taxes and the average family in British Columbia will pay an additional \$320 in

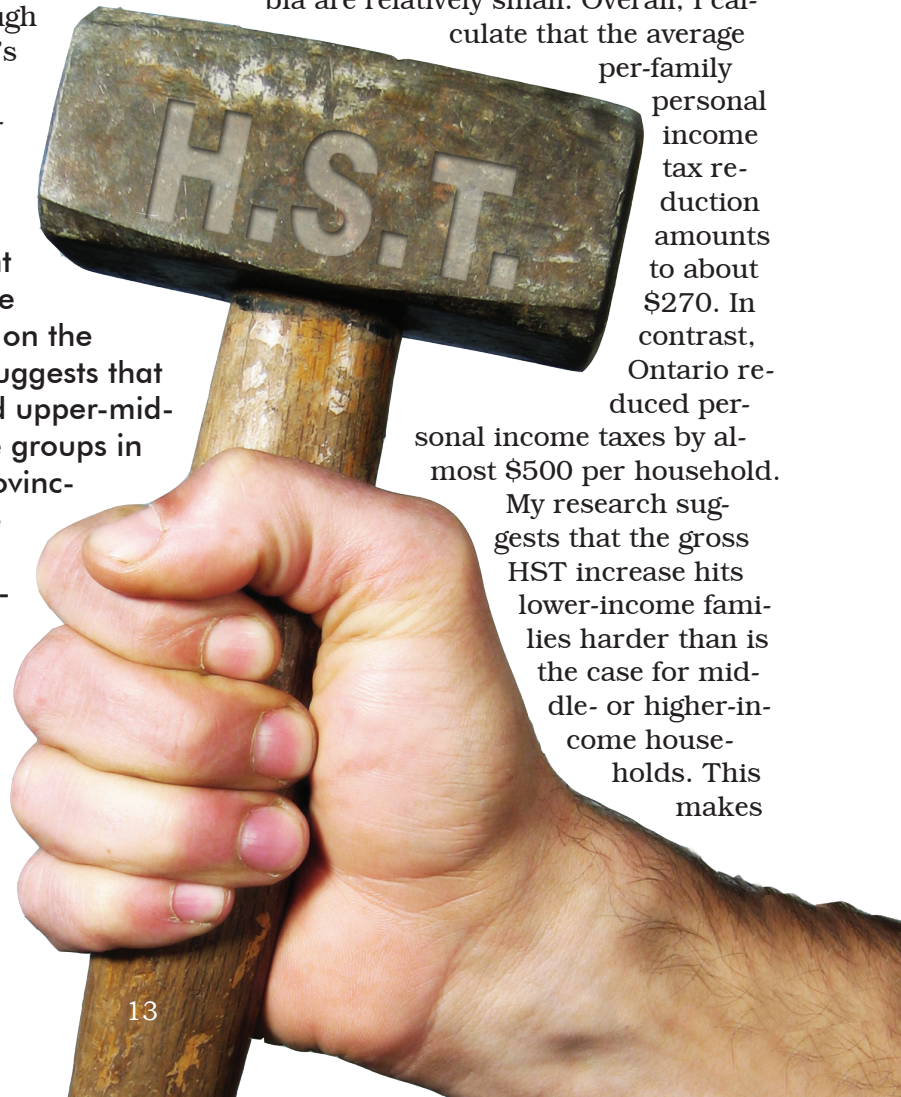
net tax payments (see table page 14).

Why the difference? In large part, the government of Ontario has announced a reduction in their lowest personal income tax rate, from 6.05% to 5.05%. All families paying income tax benefit from this reduction. But British Columbia announced no corresponding rate cut. The British Columbia government did announce an increase in the basic personal income tax exemption. And the B.C. government (like the Ontario government) did announce enhancements to HST rebates for lower income families.

But the personal income tax breaks announced by the government of British Columbia are relatively small. Overall, I calculate that the average

per-family personal income tax reduction amounts to about \$270. In contrast, Ontario reduced personal income taxes by almost \$500 per household. My research suggests that the gross HST increase hits lower-income families harder than is the case for middle- or higher-income households. This makes

“A recent study I have completed on the new HST suggests that middle and upper-middle income groups in the two provinces will face rather stiff tax increases.”





sense, since the HST is a tax on consumption – and higher-income families save proportionately more and escape some tax through saving. But my calculations show that the announced personal income tax reductions benefit lower-income groups much more. Both provincial governments announced enhancements to their respective low-income sales tax credits. The British Columbia govern-

ment increased their basic personal income tax credit while the Ontario government lowered their lowest personal income tax rate.

The *net* change in tax regimes benefit low-income groups, but hit middle- and upper-middle-income families hard. For example, my findings show that a family in the lowest-income quintile gains about \$160 overall. In British Columbia, the corresponding low-income household gains slightly less than \$200 (see table).

“Both provincial governments should consider lowering their respective HST tax rates by 0.5 percentage point, to 7.5% (Ontario) and 6.5% (British Columbia).”

However, any benefits to income tax reductions dissipate, as incomes increase.

The table shows that the second income quintile – corresponding to low-income working families – does not benefit in any meaningful way. And the table shows that an upper-middle-class families (the fourth quintile) pays an extra \$500 in Ontario and an extra \$560 in British Columbia.

How do my results compare with other eco-

Net Per-family Tax Impact, by Income Class – Dollar and Effective Tax Rate: Ontario and British Columbia (2008)

| Ontario | | | | | | |
|----------------------|----------------|-------|--------|-------|--------|-------|
| | all households | first | second | third | fourth | fifth |
| net tax changes* \$ | 289 | -164 | -35 | 252 | 492 | 921 |
| tax rate changes** % | .45 | -.99 | -.10 | .48 | .48 | .65 |

| British Columbia | | | | | | |
|----------------------|----------------|-------|--------|-------|--------|-------|
| | all households | first | second | third | fourth | fifth |
| net tax changes* \$ | 323 | -193 | -3 | 344 | 558 | 934 |
| tax rate changes** % | .55 | -1.23 | -.01 | .69 | .78 | .76 |

Each of the five quintiles represents 20% of all households according to income (i.e. the first quintile is the 20% of the households with the lowest income, etc.).
* Note that these data represent new housing spending, including acquisition costs, renovations and new cottages. ** Bottom lines show net tax changes as a per cent of disposable income respectively

conomic studies? Recent studies predict much smaller or no tax increases [Burleton and Petramala (2010), government of Ontario (2010b), Veldhuis et.

al. (2010)]. Basically, these other studies either ignore the impact of the HST on home construction costs or they amortize tax payments on new construction over many years. Whereas provincial governments collect new HST taxes on housing immediately, these studies – calculating the HST increase two or three years hence – allow amortization over many years to reduce their predictions on tax burdens. Furthermore, these studies assume that businesses pass between 90 to 100% of input-tax savings to consumers. My study assumes 60% of such savings are passed on – given that some new-HST commodities (e.g., home fuel and electricity) face regulated or monopoly pricing. I emphasize the other research is conscientious and is undertaken using good data and statis-

“the average family in Ontario will pay an extra \$290 in net taxes and the average family in British Columbia will pay an additional \$320 in net tax payments.”

tical model-building. I just mention that I disagree with two major underlying assumptions.

Finally, since average households – and

in particular middle- and upper-middle income households – face significant tax increases, what should the two provincial governments do? First, the government of British Columbia should emulate Ontario and reduce its respective lowest personal income tax rate by 1 percentage point. Second, both provincial governments should consider lowering their respective HST tax rates by 0.5 percentage point, to 7.5% (Ontario) and 6.5% (British Columbia). Such tax relief I think would eliminate the tax increases I show here. ■

David Murrell, PhD is a Professor in the Department of Economics at the University of New Brunswick in Fredericton. Dr. Murrell's complete study can be found at Taxpayer.com and Policystudies.ca

Summary of Effects on Households, Ontario and British Columbia, to Policy Literature*

| Study | Ontario | | British Columbia | |
|------------------------------|---------|-----------|------------------|-----------|
| | HST | Net Tax** | HST | Net Tax** |
| This paper [Murrell(2010)] | \$1041 | \$289 | \$793 | \$323 |
| Government of Ontario (2010) | 1291 | 106 | -- | -- |
| Fraser Institute (2010) | -- | -- | 262*** | 44 |
| TD Bank | 779*** | 75 | 772*** | -- |
| Michael Smart (2007) | 1097 | -- | 1372 | -- |

* all data are dollars per family ** includes personal income tax reductions and input-tax savings *** HST tax includes input-tax savings, and for the other studies they do not Source: author's own calculations; Government of Ontario (2010); Government of British Columbia (2010).

References

- Burleton D., and D. Petramala, (2010), “The Economics Impact of HST Reform”, TD Bank Financial Group Special Report, July 6.
- Government of British Columbia, (2010), “HST, the Right Move at the Right Time”, press release, July 1.
- Government of Ontario, (2010a), “Ontario's Tax Plan Creates Jobs and Strengthens Economy”, press release, June 10.
- Government of Ontario (2010b), “Ontario's Tax Plan for Jobs and Growth: Technical Paper on How the Tax changes Affect People”, Ministry of Finance, June.
- Murrell, D (2010), “Tax Effects on Households, by Income Quintiles, Upon Implementation of the HST Tax: The Case of Ontario and British Columbia”, Canadian Centre for Policy Studies, August.
- Veldhuis, N; M. Palacios, C. Lamman, (2010), “The Impact of the HST on British Columbia Families, Fraser Alert, June.
- Smart, Michael, (2007) “Lessons in Harmony: What Experience in the Atlantic Provinces Shows and the Benefits of an HST – CD Howe Commentary, July.

by Mark Milke

Canadians, especially those in the more productive and prosperous provinces, should now get used to bailing out not only profligate governments at home – think equalization payments to Quebec and the Atlantic provinces – but abroad.

Most people will have heard of the troubles in Greece – economic troubles but also riots that killed three employees in a bank, including a pregnant woman, after rioters set fire to the bank. Those riots started over demands to Greece by the European Union and the International Monetary Fund (IMF) to get its fiscal house in order. Apparently some Greeks, mostly those employed by the government and who waved Marxists flags, thought they were entitled to mid-50s retirement, lavish benefits, long paid holidays, low productivity and that the rest of Europe and debt-holders should continue to pay for that lifestyle indefinitely, without any bills ever coming due.

The easy Greek lifestyle

That was never sustainable. For example, the German newspaper, *Der Spiegel*, reported the following about a new investigation into Greece's spending habits by a newly hired "general inspector of public administration," a sort of auditor akin to Canada's auditor general. He found the following:

- On weekends, hospitals admit elderly people who require nursing care or are confused because their children bring them there so that they can take a few days of vacation;
- An administrative office called Kopais, named after the lake of the same name was established in 1957 to prepare for the draining of the lake so that roads could be built in the lakebed. That lake disappeared in 1957, forever, but 53 years later, there are still 30 employees working at Kopais. When employees retire or are let go, their positions are filled with new employees, who are paid monthly salaries of up to the equivalent of \$3,225 Canadian; and
- Greece has more than five times as many

civil servants per capita as the United Kingdom.

Der Spiegel noted other problems with Greece:

- 450 doctors report annual salaries of only \$13,000 Canadian on their tax returns;
- So many people in Greece are in the underground economy that their combined earnings make up 25% of GDP; and
- The IMF found that just 8,401 Greeks owe their own country a total of over \$26 billion Canadian in back taxes.

Canadians are on the hook for Greek overspending as well

All this and more are why Greece is in such

PHOTO: FLICKR/JESPEL



Canadians are on the hook for peace a lot more



trouble. But what most Canadians may not realize is that we too are on the hook for Greek overspending. Canada is a member of the IMF and as such, has obligations in crises such as the one unfolding in Europe.

In essence, the IMF acts as a lender of last resort, a sort-of international line of credit for nations to which normal investors (you, your retirement fund pension managers, and others) won't lend money. Such investors are rightly afraid that money lent to such governments may never be repaid, or partly repaid, or repaid in currency that has been devalued. So they demand high interest rates or refuse to lend at all.

It is in this latter scenario that the IMF must step in, when others refuse to lend. In these

scenarios, the indebted governments are in such a mess that they can't even borrow money on a short-term basis for existing commitments such as payrolls and interest on debt. It's akin to a business that has payroll to meet and interest payments coming due on past loans, and where the bank suspects the business is not viable, and thus refuses to lend the company any more money forcing a default.

Canada and the IMF: \$22 billion line of credit

So how much are Canadians on the hook for? Normally, Canada has \$10 billion in credit that the IMF billion can draw upon but during the 2008 financial crisis that amount was upped by another \$12 billion. Thus, Canada's



“Canada’s own “line of credit” to the IMF is \$22 billion. So far, the IMF has drawn “just” \$200 million out of that account for Greece (with another \$2 billion for other IMF commitments).”

government workers (and other Greeks who get much earlier retirements than Germans for example); it’s also Canadians who must now bail out the Greeks.

own “line of credit” to the IMF is \$22 billion. So far, the IMF has drawn “just” \$200 million out of that account for Greece (with another \$2 billion for other IMF commitments), though the federal department of finance expects that figure to rise as the Greek bailout is a three-year deal.

Finance notes that such monies are paid back with interest. And the reason for IMF bailouts is not without justification. Unlike companies, where if they go out of business other firms pick up their business and some of their employees, bridge financing of the sort the IMF provides allows a country to continue paying its police, army, pensioners and school-teachers. Would we, for example, really want to cut off Bangladesh or Haiti if natural disasters or other circumstances made them unable to pay even their necessary government employees? My guess is most Canadians are OK with that kind of emergency aid.

The great worldwide debt trap

Still, as the example of Greece indicates, there is great danger in the IMF bailing out country after country; the reckless spend-happy ones such as Greece apparently thought the party could go on forever. It couldn’t, and it’s not only Germany, France and the rest of the European Union that must now bail out Greek

In their new book, *This Time It’s Different*, economists Carmen Reinhart and Kenneth Rogoff detail how over eight centuries, plenty of countries have dealt with cumbersome debt by defaulting on all of it, negotiating away part of the principal or interest, extending the repayment period, or by inflating their way out of the debt (paying back the debt with currency a fraction of its pre-inflation value).

None of those are great options. Full or partial defaults are unfair to those who lent the money (your pension fund perhaps?) and inflation kills the savings of average citizens.

In the case of Greece, a partial default (which might happen anyway despite IMF help) could be the best of a bunch of bad options as lenders around the world need to face the consequences of risky behaviour – lending to countries that overspend. That’s not a great solution, but neither is asking taxpayers in Canada, Germany and elsewhere to fund massive public sector overspending in Greece.

Greece is a perfect example of why governments should only run deficits in times of war or Depression – we all end up paying for it when they don’t. ■

Mark Milke is research director for the Frontier Centre for Public Policy fccpp.org

TAX FREEDOM



Charting Tax Freedom Day

The CTF was founded 20 years ago, and for 18 of those years, the Fraser Institute has released annual Tax Freedom Day (TFD) calculations. TFD is the day – figuratively – Canadians stop working for the various levels of government and start working for themselves.



by **Derek Fildebrandt**
Research Director

policy win is permanent, no defeat everlasting.

Understanding the cost of government

Taxes are the cost of a service – government. And TFD helps Canadians understand just how much you pay for that service. A quick look at your pay stub can tell you about income tax and payroll deductions. Your receipt from a purchase at the local hardware shows you how much you paid in value-added tax. But there are a host of other hidden taxes like import duties, gas and liquor taxes you don't see. Similarly, business taxes are ultimately passed along to and paid for by consumers.

In 2010, the average Canadian family (comprising of two or more individuals) earned \$92,754 in income (*including government transfers*) and paid a total \$39,141 for the cost of government. Put another way, the total cost of government for the average Canadian family in 2010 amounted to 42.2% of cash income.

This does not include the “deferred” cost of government

So, how have we done?

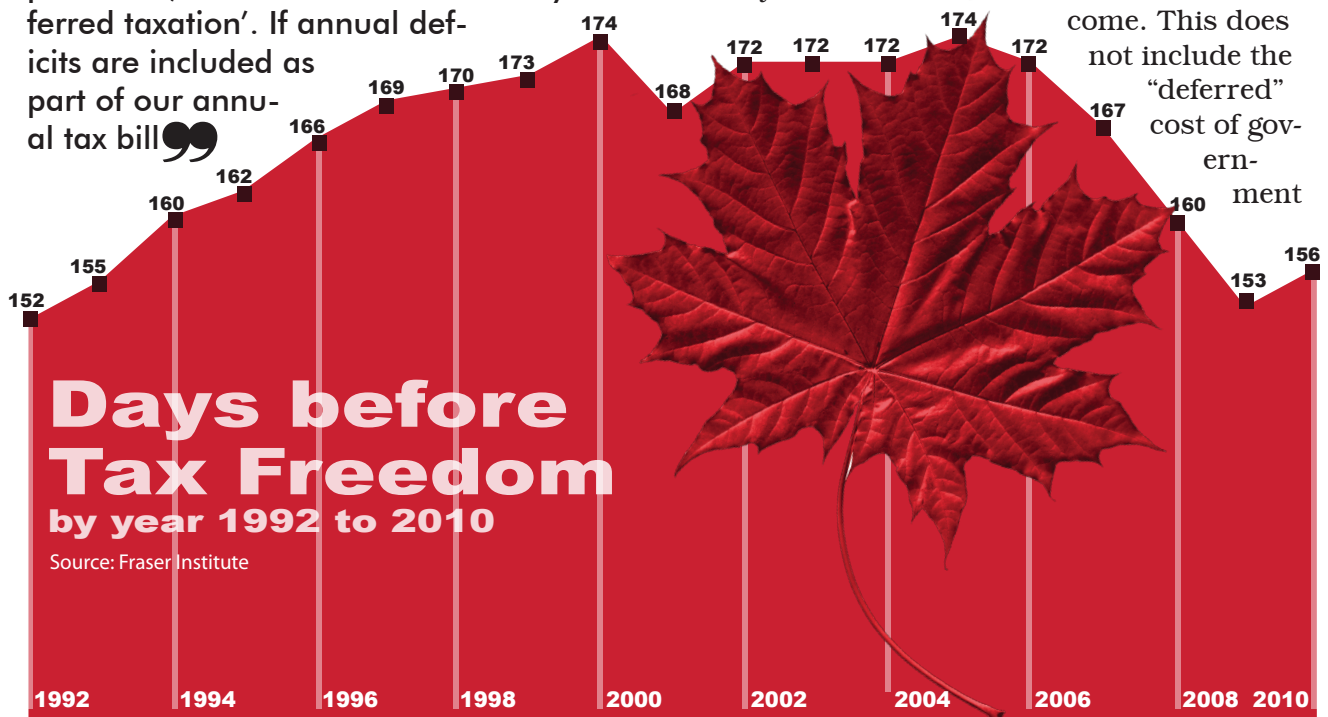
In 1992, TFD fell on June 1st; and in 2010 TFD fell on June 5th. A loss of 4 days.

Hmmm ... what to make of that? Either we're not doing a very good job or things would have been a whole lot worse without us.

Perhaps the more important observation is the last 18 years have been highlighted by ups and downs and through it all we've managed to hold steady.

We take solace in the dictum: No public

“Because borrowed money must be paid back, annual deficits are merely ‘deferred taxation’. If annual deficits are included as part of our annual tax bill”





brought about through deficits.

An explosion of government made worse by borrowing

The Fraser Institute uses 1961 as base year. Back then, TFD fell on May 3rd. Fast forward to today and the tax bill for the average Canadian family is a full 1,624% higher. Taxes have grown faster than any other set of costs for families, including housing, food and clothing. In fact, the average Canadian family pays more in taxes than all three of these combined today. In 1961, the tax bill came to 33.5% of family income. By 2009, that figure rose to 41.7%, while only 37.1% was spent on housing, food and clothing.

While the official tax bill has increased by 1,624% since 1961, the real figure is actually much higher. With the exception of the period between 1997 and 2008, the federal government and many of its provincial counterparts have run long-term, structural deficits. Because borrowed money must be paid back, annual deficits are merely 'deferred taxation'. If annual deficits are included as part of our annual tax bill, Tax Freedom Day in 2010 moves from June 5th to June 30th – a staggering 1,793% increase in the cost of government since 1961.

Taxpayer gains erode

So-called surplus budgets that took off in 2000 forced governments to respond to demands for tax relief. In 2000, your CTF successfully led the effort to eliminate bracket creep taxation and fought for deeper cuts

Tax bill for average Canadian family with two or more individuals, 2010

| | |
|--|-----------------|
| Total cash income | \$92,754 |
| Income taxes | \$13,356 |
| Sales taxes | 6,230 |
| Liquor, tobacco, amusement, & other excise taxes | 2,314 |
| Auto, fuel, and motor vehicle license taxes | 1,044 |
| Social security, medical, and hospital taxes | 8,100 |
| Property taxes | 3,606 |
| Import duties | 293 |
| Profits tax | 2,746 |
| Natural resource taxes | 478 |
| Other taxes | 974 |
| Total taxes | \$39,141 |
| Taxes as a percentage of cash income | 42.2% |

Source: Veldhuis, Niels & Palacios, Milagros./ Fraser Institute Tax Simulator, Calculations by Authors. April 19, 2010

in the Fall Economic Updates in both 2005 and 2007. In each instance tax reduction was measurable and broad-based. A similar pattern followed in the provinces.

It's important to note that the tax reductions that took place in the 2000s would not have been possible without a defining federal budget in 1995 that tackled a massive deficit primarily by reductions in spending. That budget was in large measure a response to a CTF led campaign that resulted in a 225,000 signature petition and rallies in 19 Canadian cities.

Of course history is soon to repeat itself. Taxes are inching upward again to pay for massive increases in spending and the interest payments that follow. Since election of the Harper Conservatives in 2006 the size of government has increased 42% in just 5 budgets. Sadly, it appears the Opposition

Breakdown of the Average Family's Tax Bill by level of Government — 2010 preliminary estimates

| | Federal gov't | Prov gov't | Municipal gov't | Total Tax Bill |
|---------------|----------------------|-------------------|------------------------|-----------------------|
| Canada | \$20,523 | \$14,806 | \$3,332 | \$38,663 |

*Source: Fraser Institute * The average family with two or more individuals *** Excludes natural resource levies Source: The Fraser Institute's Canadian Tax Simulator*

TAX FREEDOM

parties want government to grow even larger.

Summary

Better than any other measure, the Fraser Institute's Tax Freedom Day has provided the public with a greater understanding of the cost of government and the taxes that pay for it. With three levels of government continuously suggesting their finances are tight, public sector unions crying about "cuts" to services (even when funding levels increase) and special interest groups calling

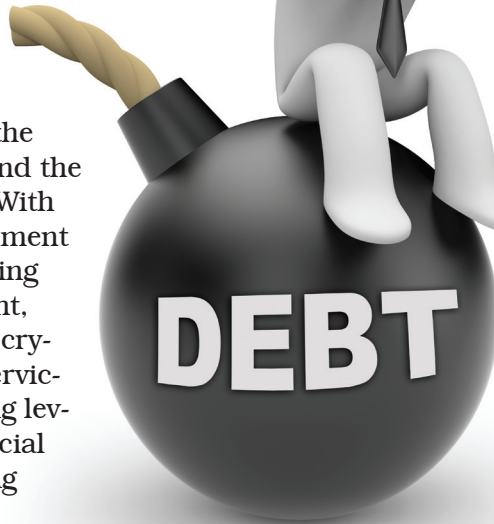
for new spending and tax hikes, it's easy for Canadians to be misled.

That's why organizations like the

Canadian Taxpayers Federation are vital in speaking up for taxpayers. Taxpayer gains and losses colour the last 20 years as they will no doubt colour the next 20 years. The better informed and better committed we are to demanding a focused and limited role for government the more secure and prosperous our society will be. ■

“Because borrowed money must be paid back, annual deficits are merely ‘deferred taxation’.”

ter informed and better committed we are to demanding a focused and limited role for government the more secure and prosperous our society will be. ■



Breakdown of Tax Freedom Day by province

Selected years: 1992 to 2010 Source: Fraser Institute

| | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 | 2000 | 1999 | 1995 | 1992 |
|----|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| BC | Jun 5 | Jun 2 | Jun 13 | Jun 16 | Jun 16 | Jun 22 | Jul 3 | Jul 3 | Jun 26 | Jun 30 | Jul 6 | Jul 13 | Jun 13 | Jun 20 |
| AB | May 19 | May 16 | May 28 | Jun 1 | Jun 6 | Jun 18 | Jul 13 | Jun 19 | Jun 17 | Jun 14 | Jul 3 | Jun 24 | Jun 5 | Jun 5 |
| SK | Jun 16 | Jun 11 | Jun 20 | Jun 22 | Jun 26 | Jul 3 | Jun 25 | Jun 22 | Jun 23 | Jun 19 | Jun 28 | Jul 9 | Jun 13 | Jun 15 |
| MB | May 30 | May 29 | Jun 8 | Jun 16 | Jun 20 | Jun 24 | Jun 23 | Jun 21 | Jun 21 | Jun 20 | Jun 30 | Jun 30 | Jun 12 | Jun 9 |
| ON | May 31 | May 29 | Jun 9 | Jun 19 | Jun 16 | Jun 19 | Jun 27 | Jun 23 | Jun 23 | Jun 25 | Jun 26 | Jun 27 | Jun 13 | Jun 12 |
| QC | Jun 7 | Jun 4 | Jun 19 | Jun 26 | Jun 27 | Jun 30 | Jun 30 | Jun 29 | Jun 29 | Jun 29 | Jul 6 | Jul 15 | Jun 13 | Jun 13 |
| NB | May 26 | May 24 | Jun 3 | Jun 14 | Jun 12 | Jun 15 | Jun 13 | Jun 11 | Jun 11 | Jun 11 | Jun 9 | Jun 15 | Jun 5 | May 24 |
| PE | May 26 | May 23 | Jun 4 | Jun 14 | Jun 11 | Jun 14 | Jun 10 | Jun 9 | Jun 9 | Jun 3 | Jun 6 | Jun 13 | May 21 | May 17 |
| NS | Jun 04 | May 28 | Jun 12 | Jun 19 | Jun 18 | Jun 20 | Jun 18 | Jun 16 | Jun 16 | Jun 13 | Jun 13 | Jun 21 | Jun 4 | Jun 1 |
| NL | Jun 12 | Jun 15 | Jun 30 | Jul 1 | Jun 17 | Jun 19 | Jun 15 | Jun 12 | Jun 12 | Jun 5 | Jun 8 | Jun 3 | May 20 | May 15 |

These figures are net of government transfers and include natural resource royalties

NOTE:

There is debate whether natural resource royalties are a tax or simply the conversion of a balance sheet asset into an income stream. Separate Tax Freedom Day calculations are available for provinces with significant resource royalties.

Tax Freedom Day comes earlier in the At-

lantic provinces, Manitoba and Quebec due, in part, to the large share of their total revenue that is transferred from other provinces through the federal government. Conversely, Tax Freedom Days in the traditional "have" provinces come later than would be the case without these transfers.

Where are films on freedom and self-determination?



By Fred Litwin

Back in 2005 I noticed that Michael Moore's documentary *Fahrenheit 9/11* seemed to be everywhere – repertory theatres, first-run cinemas, you name it. At about the same time a new filmmaker, Michael Wilson, was

promoting his documentary "Michael Moore Hates America." The film was not yet on DVD and I wanted desperately to see his movie, so I wrote to the largest repertory (second tier) theatre in my home town of Ottawa asking them to show it. They replied back that they would not be bringing in "Michael Moore Hates America," with very little reasoning behind their decision.

It didn't take long for me to realize that the only way I could see such a film was to bring it in myself.

So, in late 2006 I started the Free Thinking Film Society. We are a non-partisan organization celebrating the efforts of risk-taking documentarians whose work espouses the values of limited and democratic government, free market economies, equality of opportunity rather than equality of result, and the dignity of the individual, all underscored by a healthy and patriotic respect for Western cul-

ture and traditions. Although there are a lot of courageous voices in the non-fiction film industry producing thoughtful pieces of art which reject cultural relativism, central economic planning and American culpability for all that ill the world, you wouldn't know it by looking at the listings for most art house cinemas.

In the past three years we have shown films on the dangers of radical environmentalism, the left-wing indoctrination of students in our public universities; the threat from radical Islam; the hypocrisy of leading statisticians like Michael Moore and Noam Chomsky; the horror of the United Nations which seems to forgotten the meaning of human rights and freedom; the horrible crimes of the Soviet Union; the malignant influence of union power in Quebec; the true story of the murderous Che Guevara; how the media got Obama elected; why global warming 'advocates' will hurt our economy; and the rise of anti-semitism in Europe.

This past June we presented a lecture. Bat Ye'or, an Egyptian-Jewish woman whose family was expelled from Egypt in the 1950s

Contact Information

Free Thinking Film Society
freethinkingfilms.com / (613) 261-9060

spoke on “Western Civilization, Israel, and the coming Caliphate.” She was joined by her husband, David Littman, who regularly testifies before the UN Human Rights Council.

Regardless of where you live in Canada, you might have noticed that your local repertory cinema plays NONE of these sorts of films. You might also have noticed that any book festival in your community NEVER celebrates the gifts of free markets. And guess how many of these films show up on campus? For those of us who think that limited government and personal responsibility are more than just good ideas, well, too bad! No cultural activities for you.

I want to change that. Not just in Ottawa, but across the country. There’s a huge cultural gap in Canada, and no one brings in small-c conservative (small-l libertarian) books or movies, except for the Free Thinking Film Society. We need more citizens to pick up the challenge of moving our ideas forward. ■

Fred Litwin has lived in five different countries, and currently runs Northern Blues Music (a blues music label in Canada), the Free Thinking Film Society, and blogs under the pseudonym GayandRight.

10 Movies You Need to See

The Soviet Story: Here’s a film that should be shown in every school. The Soviet Union, like the Nazis, killed on an industrial scale, including more than 7 million in the Ukrainian famine.

Indoctrinate-U: Our Universities are more interested in churning out left-wing ideologues than self-thinking people. This film presents some case studies that will make you angry.

L’illusion Tranquille: A film about the power of the unions in Quebec. Learn why the Quebec ‘model’ leads to economic ruin.

Mine Your Own Business: Comfortable environmentalists who live in the west try to stop mining projects in the developing world with no care for what local populations think.

Free to Choose: Intellectual giant Milton Friedman produced a 10-part TV series on why the free market works best.

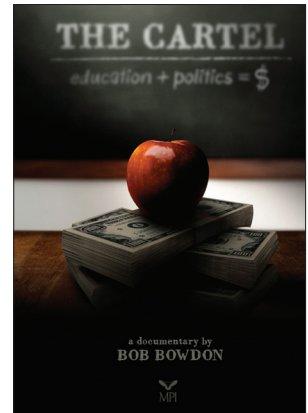
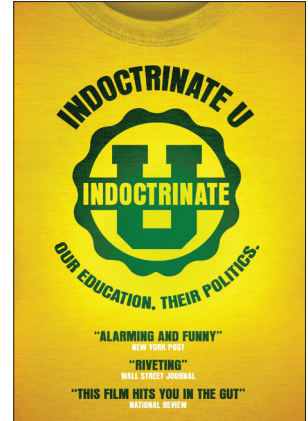
The Cartel: An American film on the power of unions in our schools. Find out why poorly-performing teachers are never fired!

1984: George Orwell’s novel about the evils of Stalinism is the film version of the must read book.

The Incredible Bread Machine Film: You can find this on YouTube. An amazing documentary on economic freedom.

U.N. Me: Guess what? The UN has become a clubhouse for tyrants and dictators. This must-see film shines a light into a very dark organization.

Casablanca: The best film of all time shows why the fight for freedom is paramount to our thoughts and actions. ■



Does Canada need 30 more

If passed, Bill C-12 would add 30 more MPs to the House of Commons in 2014. In 2004, redistribution added seven seats moving the total number of MPs to the current 308. Redistribution addresses population shifts and growth. MPs from Ontario, Alberta and British Columbia represent, on average, 26,500 more constituents than MPs from other provinces. The current readjustment formula would increase the number

Canadians are clamouring for *better* representation not *more* representation! Will Canada really be better with 30 more MPs? Given that MPs tend to see their jobs as catering with taxpayer cash to the demands of potential voting blocks, adding more MPs will merely increase the size and cost of government.

Many Canadians west of Ontario have felt for a long time that the 'east' has had too much power. Trudeau's National Energy Program and Mulroney's handing of the CF18 maintenance contract to Montreal's Bombardier over a Winnipeg firm solidified this feeling. The feeling continues today now that Canadian economic power is shifting west.

The idea is that growing provinces need more seats to have their number of elected MPs better reflect the growing populations. This idea that representation ought to reflect population is a good one in theory. Ideally, seats would be redistributed around the country taking some from one region and giving them to another. Troy argues that practical politics precludes this. He is probably right. But there is another good reason to avoid this nod to adding more MPs.

Increasing the number of seats in an area doesn't seem to make any difference on the outcome of government. It merely increases government's size and cost. Alberta and BC have many MPs in gov-

ernment including the prime minister. Fat lot of good it has done! We have the largest deficits in history. Corporate welfare spending grows unabated. Regional development programs are both sprouting up and spending more. Would adding more MPs really change this?

How much representation do we need in Canada? In the United States there is 1 Congressman for every 708,000 people. In the United Kingdom the average is one MP for every 95,000 people. I doubt voters there would argue they get seven times better government than the US! Taking Troy's argument to its logical conclusion, BC would need another 19 MPs, Alberta seven and Ontario 51 -- that's *in addition to the 30 already proposed by Bill C-12!* Thanks, but I'll settle for the additional seven under the current formula.

Until such time as MPs truly and properly represent the interests of their local constituents, adding more is a waste of time and money. Better to do nothing than to add more expensive sheep in Ottawa. ■

“Given that MPs tend to see their jobs as catering with taxpayer cash to the demands of potential voting blocks, adding more MPs will merely increase the size and cost of government.”

Kevin Gaudet

may



re Members of Parliament?

of MPs by another seven. However, even after that readjustment the difference in average number of constituents per riding between the three provinces and the rest of Canada would still rise to 29,000. Bill C-12 seeks to bring that ratio down by adding more MPs above the current formula. Now the debate: do we need 30 more federal politicians? Want to join the discussion? E-mail: letters@taxpayer.com.

Ideally we could change the way we elect our existing 308 representatives to better reflect voter preferences. Or, simply redistribute the existing 308 seats under the current system to account for growth and population shifts. Each avoids the unwanted prospect of another 30 politicians running around solving all our problems with other peoples' money. On that, Kevin and I surely agree.

However, neither is remotely feasible. No federal government is going to introduce a bill that takes seats from Quebec and Atlantic Canada and hands them over to Alberta and BC.

So where does this leave us?

As Andrew Coyne notes, the six smallest provinces and two territories combined roughly equal the population of British Columbia yet are allotted 63 seats in our federal Parliament versus British Columbia's 36. Even after Bill C-12 the difference would be 63 to British Columbia's 44.

As bad as first-past the post is, are we now prepared to abandon the principle of rep-by-pop as well?

How completely dysfunctional are we going to allow our democracy to become?

Fostering regional cleavages is but the most obvious outcome, but a far greater concern rests in a cruel irony: the very provinces most short-changed in representation have traditionally been the net benefactors to the federation.

In other words,

there's been a bizarre correlation whereby the greater your province's net fiscal contribution to the federation; the less your per capita representation is.

So while Kevin's contention that nothing will change may be true; I argue that a more equal distribution of seats between rent paying provinces and rent seeking provinces will at least lend itself to more balance, if not more wealth-generating policy decisions.

As for cost, it does not bother me. *Half* of what the feds gave General Motors last summer could fund these 30 new seats for 345 years. The idea of rep-by-pop is not some sort of government hand-out. We either live in a democracy that enshrines basic principles, or we don't.

The average federal MP in Alberta represents 131,700 constituents, in the four Atlantic provinces and North, the number is 69,900. I agree, provide allowance for rural and remote areas – but a difference of nearly 50%? It's unfortunate that the only way to correct this is to add more seats; but it must be done if we are to treat all Canadian taxpayers as equal participants in what's left of our fledgling democracy. ■

“The idea of rep-by-pop is not some sort of government hand-out. We either live in a democracy that enshrines basic principles, or we don't.”

Troy Lanigan

yea



taxpayer.com/blog

«Kicking Taxes and Taking Names»

Keep elections free from restrictions and pork



By: Maureen Bader
Posted: May 20, 2010
Topic: British Columbia

« Kicking Taxes and Taking Names

MP Pensions, Porky the Waste Hater and My Day as a CTF Intern

Planning for this press conference has been a major task for fellow intern Ashley and I since starting this internship. I learned how much work gets put into preparing for a day like this. From researching and calculating pension amounts, to preparing press releases, to hauling 75 hogs to and from Parliament Hill, I have a better knowledge (and a deeper respect) for the work that the CTF puts into the advocacy role they play on behalf of taxpayers.

Already, I feel like I am expanding my skill sets and developing a sophisticated understanding of how advocacy groups work and I'm confident this will serve me well into the future.



Action Updates



Dear supporter:

A win is close at hand!

Later today Minister Diane Finley will be presenting Bill C-31 titled "Eliminating Entitlements for Prisoners". The bill will eliminate Old Age Security (OAS) and Guaranteed Income Supplement (GIS) entitlements for currently incarcerated prisoners.

This is a big step forward for the nearly 50,000 Canadians that signed the Canadian Taxpayers Federation's petition to end OAS/GIS benefits for convicts like Clifford Olson. We [hand-delivered your message](#) directly to the minister responsible on the steps of Parliament.

Today, the minister and her government will respond.

More often than not we are critics of government, but when they do something right, they deserve credit. Please send a [quick note to the Minister](#) commending her initiative in getting this bill introduced.

However, this campaign is not over!

At least one of the other three parties in the House Commons will need to support this bill in order for it to pass. Can you please send a quick e-mail to one or all of the other party leaders and ask them to support immediate passage of Bill C-31?

Jack Layton | Gilles Duceppe | Michael Ignatieff | All

Thanks for your support.

—Derek, Kevin, Troy and the rest of the CTF team

Any taxpayer committed to lower taxes, less waste and accountable government can join the CTF at no cost and

receive issue and Action Updates. In March and April, CTF supporters gathered 47,000 names on a petition demanding an end to OAS /GIS benefits for convicts like Clifford Olson resulting in the government introducing a new law to end the practice.

twitter.com/taxpayerdotcom

Follow the Canadian Taxpayers Federation or its directors on Twitter.com.



@KevinGaudet

CTF has been all over the G8 and G20 for months. Glad to see NDP and Libs join in even if late to the game.

May 27, 2010 3:48:25 PM EDT via Tweetdeck



@colincraig1

Documentary needed on wasteful film subsidies - \$12 million in Sask this year alone. See who got what - <http://bit.ly/BCQERx>

2:13 PM June 21st via Tweetdeck



@Dfildibrandt

My alarm went off at \$530-billion this morning. I've got to get rid of that debtclock.ca #cdnpoli #roft #tcot

9:26 AM June 28th via Tweetdeck



@ScottHennig

Just got called by Harris-Decima asking questions about the MP expense scandal and other things.

Told them I was "very upset." #cdnpoli

May 22, 2010 2:17:18 PM via Tweetdeck

youtube.com/taxpayerdotcom

Visit our channel to view the latest media clip featuring a CTF director or CTF video productions on a variety of issues from the deficit to global warming.



Facebook

Do you have a Facebook account? Then simply enter Canadian Taxpayers Federation in the search bar and join our fan page for regular updates and interaction.



You ASKED FOR IT!

Doug Hughes of Wetaskiwin, Alberta asks: To whom do we owe this money to that we are borrowing and how much interest do they collect?

Derek Fildebrandt responds: As of the first-quarter of 2010, Canada's federal debt stood at \$564 billion using the Bank of Canada's measurements.



by Derek Fildebrandt
Research Director

The CTF has been raising awareness about the size and scope of our national debt to the public, but we have yet to dive into who we owe it to and how much our lenders are collecting.

Bank of Taxpayers

Canada's "national debt" is defined as the debt owed by all three levels of government combined. According to *The Economist* magazine, Canada's total national debt stands at more than US \$1.1 trillion or \$32,506 per capita. To put that in perspective, Canada's national debt per capita is \$3,813 worse than the United States and only \$2,896 better than insolvent Greece.

This article will focus on the largest slice of Canada's national indebtedness – the federal debt. There are several ways to measure the federal debt. By the Bank of Canada's measurement of total "loans and securities" at the end of 2009, the federal debt stood at more than \$545 billion (again, this is separate from what is owed by prov-

inces, municipalities and their crown corporations).

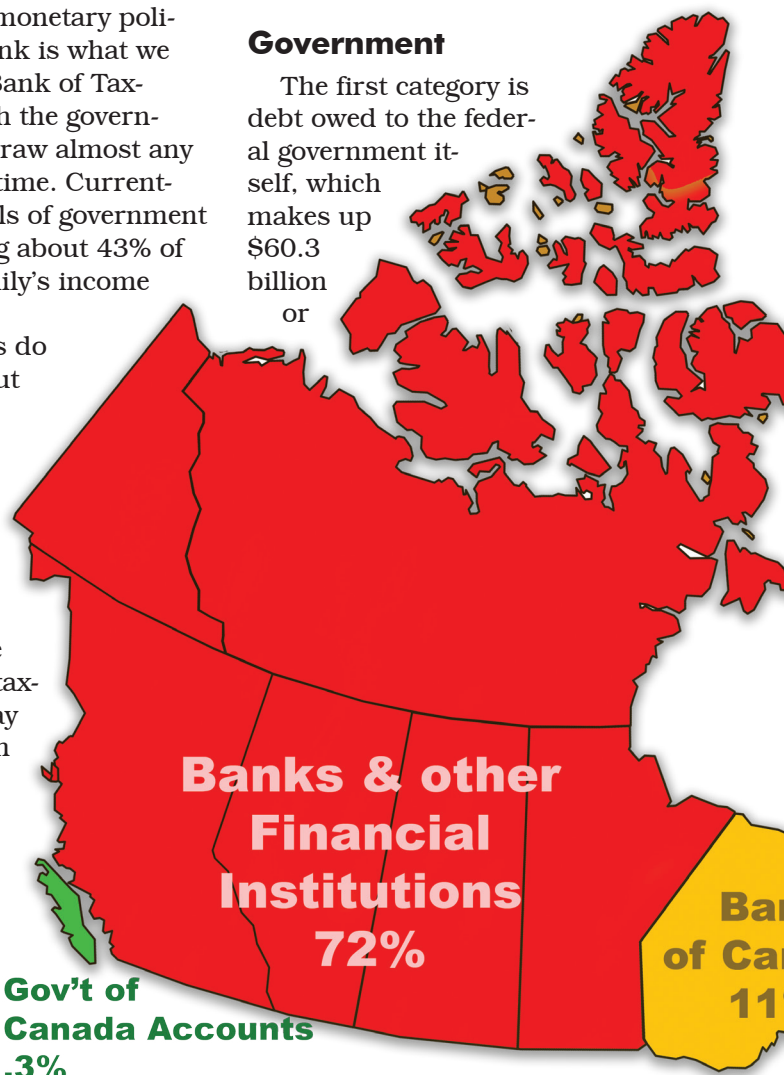
The federal government has two national banks: the Bank of Canada and you. While the Bank of Canada is a central bank that sets monetary policy, the other bank is what we might call the Bank of Taxpayers, in which the government can withdraw almost any amount at any time. Currently, all three levels of government are withdrawing about 43% of the average family's income every year.

Governments do however take out loans at times, and they guarantee those loans with – you guessed it – you. Government loans – backed by the guarantee that taxpayers will repay those loans with interest – allow governments to confer immediate benefits on citizens they do not have to pay for. At least in the short-term.

Using data provided by the Bank of Canada, our debt load as of the end of 2009 can be sliced into a few broad categories.

Government

The first category is debt owed to the federal government itself, which makes up \$60.3 billion or



Want your CTF to tackle a question? Ask for it by e-mail at: research@taxpayer.com

11% of our total federal debt. The overwhelming majority of this is money leant from the Bank of Canada to the government of Canada. In addition, the federal government

also owes itself \$1.3 billion, known as the Government of Canada Accounts.

To use an analogy, imagine dividing Canada's federal debt into its 10-million square kilometres of real estate. If every square-kilometre Canada was worth \$54,500 of federal debt, Vancouver Island would be owed to the government's own accounts, while all of Ontario would be debt owed to the Bank of Canada.

“To put this in perspective, 13-cents out of every dollar collected in federal taxes goes towards paying interest on the debt. This is projected to rise to more than 14-cents by 2011-2012.”

of our federal mortgage. The overwhelming majority of these holdings are securities owned by non-residents, in addition to “US pay-Canada bills.” Together,

the foreign-held portion of our debt would cost us the whole of Quebec, using the debt/geography measurement above.

Banks and bonds

The third general category is debt held by the Canadian public ... more-or-less. This includes Canada savings bonds – which total 2.2% of our total debt holdings – and more significantly, banks, trust and loan companies, investment funds, insurance companies, pension funds and a myriad of other Canadian financial institutions. This adds up to \$392.6 billion, or 72% of debt holdings. Continuing with the debt/geography analogy, that would mean that all of New Brunswick, Nova Scotia and the island portion of Newfoundland to cover Canada Savings Bonds.

Where things become truly eye-watering however is how much of Canada would be owed to banks and other financial institutions: all of mainland BC, Alberta, Saskatchewan, Manitoba, Labrador, Prince Edward Island and

the three territories!

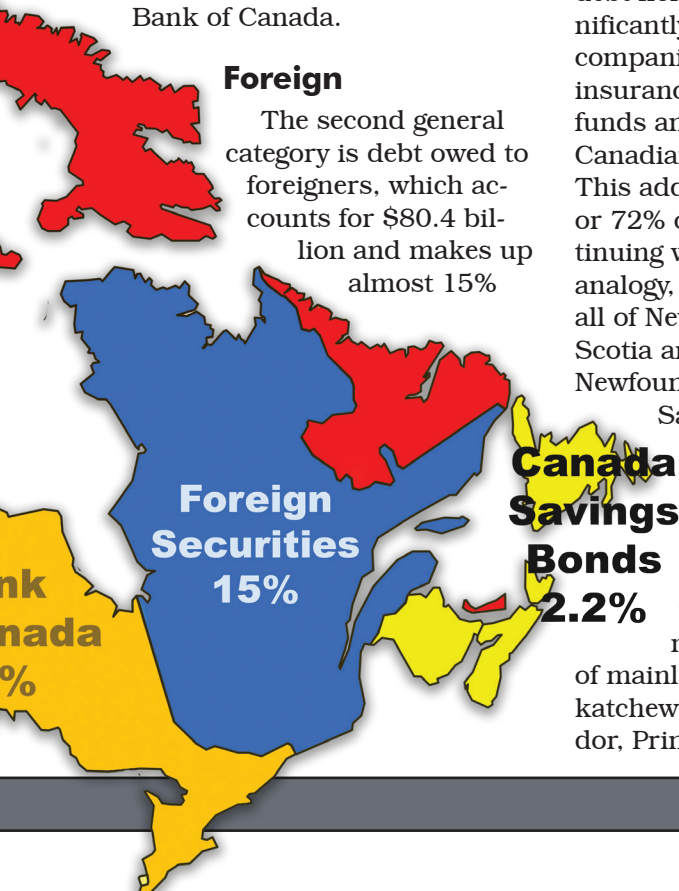
The interest bite

A Leger Marketing poll asked Canadians which professions they trusted most. Not surprisingly, bankers didn't fare well, but did a full 58% better than politicians, who as usual, ranked dead-last. But Canadians should be mindful that politicians in 2010 are in many ways also bankers, using the power of government to borrow mass-sums of money by guaranteeing that you will pay it back, with interest.

“How much interest?” Doug asked. Well, in fiscal year 2009-2010, just under \$30 billion for the federal government alone. For every single year in which the government has projections, this amount is expected to increase, reaching well over \$40 billion by 2014-15. This is due primarily to a combination of massive deficits, but also the maturation of older debt holdings and projected interest rates.

To put this in perspective, 13-cents out of every dollar collected in federal taxes goes to pay interest on the debt. This is projected to rise to more than 14-cents by 2011-2012. This means that if the federal government carried no debt, the overall tax burden on Canadian society today could be 13% less, even if we maintained all other levels of spending.

Don't hold your breath Doug. Current projections estimate \$164 billion in new debt between 2009 and 2013. ■



2010 Around the CTF

Each month, CTF offices in five provinces and Ottawa handle hundreds of media interviews and inquiries, hold press conferences, publish reports, make presentations to government and issue regular news releases, commentaries, publications and online postings to advocate the common interest of taxpayers. CTF representatives also speak at functions and organize campaigns nationally and in the provinces that lead to public policy change. The following is a brief summary of activities in the first half of calendar 2010.



by Scott Hennig

National Communications
Manager

Shooting down the gun registry

The fight to end the wasteful long-gun registry started back in 1995 when the Chretien government introduced Bill C-68, but thanks to the recent efforts of thousands of CTF supporters, we've never been closer to seeing it shot down.

After helping get MP Candice Hooppner's private members bill (C-391) through second reading in late 2009, our sights switched to the Parliamentary Public Safety Committee. CTF supporters flooded committee members (most opposed to the bill) asking that CTF federal director Kevin Gaudet be allowed to testify in support of the Bill. On May 25th, Kevin urged the committee not to amend the bill (you can watch Kevin's presentation on our YouTube channel).

The bill is currently back before the House of Commons and will face third reading this fall.

2010 Federal Budget

Considering the spending bender that Parliament has been on over

Federal director Kevin Gaudet testifies on Parliament Hill May 25th in support of abolishing the long gun registry.

“If you want to see what real fiscal conservatism looks like, the Canadian Taxpayers Federation has a plan to balance the budget in three years.”

-- Andrew Coyne,
National editor
Maclean's magazine
January, 2010

the past year, the 2010 federal budget wasn't all that surprising. The budget confirmed some of the worst fears; chiefly that deficits were going to be projected, at minimum, through 2014-15. Further, that 2009-10 and 2010-11 were the two largest deficits in Canada's history. The budget also hinted that EI payroll taxes were on their way up starting in 2011.

In the lead-up to the budget, the CTF pitched the government a “Zero in Three” plan that if implemented would have balanced the budget over three years.



12th Annual Teddy Awards

Every winter the CTF hands out our Teddy Waste Awards during a black tie affair in Ottawa to commemorate the best of the worst examples of government waste. This year, Colin Craig, our Prairie director, hosted the awards alongside "Porky the Waste-Hater," and hostess Natasha.

This year's municipal Teddy went to the City of Toronto for their homeless actors. The city conducts a 'homeless audit' each year and to assist in the audit they decided to pay people \$100 to dress up and act homeless in the streets of Toronto. Reportedly intended to help the city achieve a more accurate count, it ended up being a slap in the face to real homeless people as they were banned from applying for the work!

This year's provincial Teddy went to Nova Scotia MLAs for their outrageous expense claims. A scathing audit on MLA expenses between 2006 and 2009 revealed the maritime MLAs had expensed many questionable items. Some of the most questionable items including one MLA who expensed the Xbox game, Dance Dance Revolution.

The federal Teddy went to MPs for their junk mail program. The federal mail-out program allowed MPs to send flyers to no more than 10% of the households in any riding in the country. The flyers were in addition to regular riding-wide MP flyers and increased in cost from \$5.9 million in 2005-06 to \$10 million in 2008-09.

The lifetime achievement Teddy also went

to MPs, this time, for their gold-plated pension plans. Unlike most pension plans, MPs are eligible for a minimum pension of \$46,000 after just ten years of service. Unlike many private plans that match dollar-for-dollar, MPs plans match four-and-a-half taxpayer dollars for every one MP dollar.

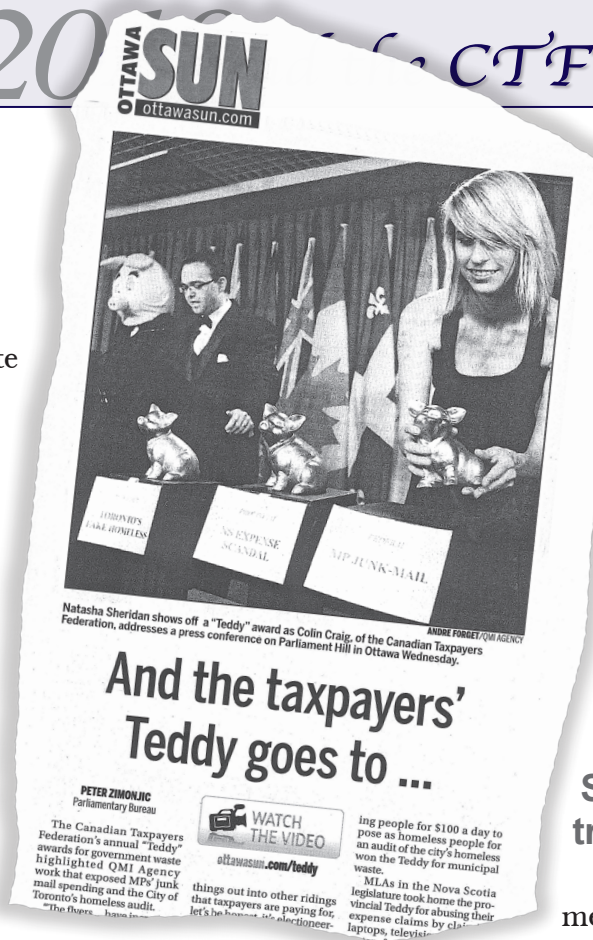
Saving a few trees

Following on the momentum built during the Teddy awards against

MP junk mailers known as 'ten percenters,' a Liberal MP put forward a motion to stop MPs from mailing these flyers outside of their own ridings. The CTF quickly e-mailed our supporters across the country and encouraged them to let their MP know that taxpayers didn't want to fund their junk mail campaigns, let alone keep receiving them. CTF supporters bombarded their MP's offices with calls, faxes, e-mails and letters demanding they vote in favour of the bill. The measure passed 140-137 and MPs are no longer allowed to mail junk flyers to ridings all around the country.

Clifford Olson is getting what?

When imprisoned serial killer Clifford Olson let slip to a *Sun* newspaper columnist that he was collecting low-income senior benefits in the form of Old Age Security and the Guaranteed Income Supplement, he made a big mistake. Anger erupted around the country that not only a man who had



Ire grows over prisoner pensions

PETER ZIMONJIC
Parliamentary Bureau

Ever since QMI first broke the story that child-killer Clifford Olson was collecting \$1,200 in government benefits — from behind bars — there have been cries for justice.

On Monday, the Canadian Taxpayers Federation dropped off a petition of 46,000 signatures at the office of Human Resources Minister Diane Finley, demanding an end to benefit payments for jailed criminals.



FINLEY
Change coming

"When the government gets a petition they can take it and ignore it, they can take it and consider it, or they can accept it and promise to take action," said Kevin Gaudet, federal director of the Canadian Taxpayers Federation. "This time the minister promised to do that latter of the three."

The federation estimates the payments total nearly \$7 million a year for an estimated 500 prisoners over the age of 65.



BRYN WEESE/QMI AGENCY

The Canadian Taxpayers Federation presents the Conservative government Monday with a petition of 46,000 signatures calling for an end to pension payments for convicted criminals.

Finley says the petition shows "Canadians are as upset as the government is" when it comes to criminals pocketing government money.

Her office has been working on trying to change the law, but she won't say whether it will require a change in regulations or a new bill.

"We will have an announcement soon," Finley said Monday.

peter.zimonjic@sunmedia.ca

C-31 that would end these benefits. The bill will come back for debate this fall and is expected to pass.

So what does the chief make?

Never ones to turn down a good brown-envelope, CTF Prairie Director, Colin Craig, revealed (thanks to a handful of whistleblowers) that band chiefs and councils in three reserves were hauling home a tonne of cash.

It was first revealed that the Peguis band council in Manitoba (7,200 people) were all earning more than the prime minister (highest was earning the equivalent of \$439,745).

Next up was the

Enoch Cree Nation (2,200 people) outside of Edmonton, where brown envelope documents showed that the former chief had hauled in the equivalent of \$515,720 in 2006-07 — more than double what the premier of Alberta earns.

The third brown envelope revealed that the small (535 people) Ochi-Chak-Ko-Sipi First Nation (Crane River) in Manitoba was paying its band council members the equivalent of \$106,000 to \$144,000 annually.

Because only on-reserve residents can access this kind of information, the CTF launched ReserveTransparency.ca to assist them in the process. The website educates band members about their right to information and provides them ready-made forms to help them apply for it.

murdered
11 children in the early 1980s was collecting benefits normally designed to help low-income seniors feed, clothe and house themselves, but all prisoners over the age of 65 were entitled to the same.

This perk costs taxpayers \$7 million annually.

The CTF launched a petition demanding the end to these benefits for prisoners who already get three square meals, a roof over their head and a closet full of orange jumpsuits. In just three weeks 47,000 petitions were signed online and in person. They were delivered in late April to the Minister of Human Resources, Diane Finley.

Minister Finley accepted the petitions with open arms and committed to fix the problem. About a month later she introduced Bill

2010 Around the CTF

A new YouTube star is born

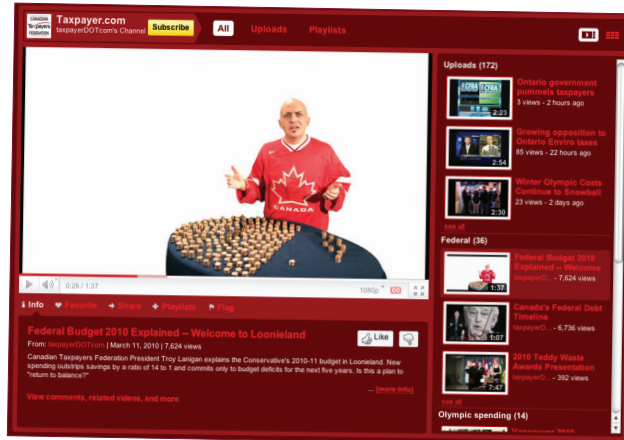
YouTube is now the second largest search engine on the Internet, behind Google. More and more people are searching for their information in easy to understand, quick, video format.

The CTF understands this fact and has stuck our toe in the water this year with a couple of original YouTube videos to help explain the history and growth of the federal debt and the so-called 'savings' in the 2010 budget using stacks of loonies. Both videos star our president, Troy Lanigan, and have received thousands of views to date.

Expect even more video content from the CTF moving forward.

This watchdog doesn't back down so easily!

After MP expense scandals in the UK, Newfoundland and Labrador and Nova Scotia, many Canadians, including the federal



auditor general, were rightfully interested in seeing how our own MPs were spending our hard-earned tax dollars.

However, in May, Auditor General Sheila Fraser got the cold shoulder from MPs

sitting on the Board of Internal Economy when she asked to audit their books.

This snub didn't sit well with most Canadians, and rightfully so. The CTF immediately launched a campaign to make all MP expenses public. Our petition called for MPs to put receipts of their spending online just like Toronto city council and for them to open their books up to the auditor.

Thousands of Canadians signed the petition, joined our Facebook group and contacted their MP demanding they come clean with their expenses. So many supporters encouraged the auditor general that her office contacted us and asked

2010 Mid-Year Activity Summary

| Month | Media Contacts | Events/Speeches/Letters/Meetings/Reports/Etc. | Visitors to Taxpayer.com |
|---------------|----------------|---|--------------------------|
| January | 126 | 64 | 13,176 |
| February | 191 | 56 | 10,975 |
| March | 291 | 79 | 47,375 |
| April | 171 | 56 | 54,386 |
| May | 203 | 58 | 25,688 |
| June | 182 | 66 | 10,096 |
| Totals | 1,164 | 379 | 161,696 |

Hey Everyone,

Good news! Our Members of Parliament have come in out of the rain and -- finally -- agreed to let Auditor General Sheila Fraser [open Parliament's books](#) for the first time in 19 years!

We all know why this happened.

Instead of shrugging our shoulders and caving in to indifference, taxpayers said NO WAY. We cared enough to make our voices heard and succeeded.

CTF representatives spoke to the media and public. Thousands of CTF supporters meanwhile spoke to Parliamentarians and the Auditor General. The message was clear: taxpayers expect politicians to be accountable for the dollars - *our dollars* - they spend.

Our next effort will be to make all MP expenses [fully transparent](#) and available online.

-Good work everyone!

Kevin, Derek, Shannon and the rest of the CTF team

Action Updates are the single most important tool the CTF uses to engage supporters and impact public policy change.

12 years of gas tax honesty

2010 marked the 12th straight year the CTF has held a Gas Tax Honesty Day (GTHD) on the Thursday before the long weekend in May. As al-

ways, the campaign is intended to highlight the high, but importantly, hidden taxes that motorists pay every time they fill up at the pumps. In recent years governments seem to have forgotten that gasoline is not a luxury product for most Canadians. We live in a large, spread-out country, which is covered in snow five months a year.

This year's GTHD consisted of press conferences in Ottawa, Calgary and Vancouver, and was highlighted by a series of questions by both opposition parties in Queen's Park in Toronto. The CTF also released our annual Gas Tax Honesty Report, written by National Research Director Derek Filde-

that we thank everyone on her behalf!

Fortunately, the media wasn't going to let this issue go either and was able to dig up examples of one BC MLA who had spent nearly \$640,000 on travel back and forth from Ottawa for his family and another one who sold her condo to her kids and then used taxpayers money to rent it back from them for \$1,833 per month!

Thanks to efforts from CTF supporters, the media and the auditor general herself, the MP Board of Internal Economy relented to the pressure and agreed to allow the auditor to look at their expenses as well as other Parliamentary spending.

The CTF looks forward to seeing the results of the audit, but in the meantime will continue to keep up the pressure to see all MP expense receipts put online for all taxpayers to see.

Director Derek Fildebrandt marks Gas Tax Honesty Day at an Ottawa news conference on May 20th.



CTF student-intern Michael Kennedy dons Porky the Waste Hater on Trough Day commemorating 75 MPs elected in 2004 becoming eligible for a gold-plated pension.



brandt. The report details federal infrastructure spending and the hikes to gasoline taxes in provinces like B.C. (thanks to the carbon tax) and Ontario (thanks to the HST).

Trough day at the office

June 28th, 2010 marked the six year anniversary of the 2004 federal election. Normally the CTF doesn't feel the need to celebrate the anniversaries of elections, however, this anniversary meant the 75 MPs who were first elected in 2004 were now eligible for their MP pensions.

The CTF commemorated the day by reaching back into our old bag of tricks. In 1995, we covered the lawn of Parliament Hill with 242 pink plastic pigs to represent the number of MPs who had refused to opt-out of the gold-plated MP pension plan. Fifteen years later we laid 75 pink plastic pigs (many the exact same model)

on Parliament's lawn to represent the number of new entrants to the still-lavish MP pension plan. After two decades of fighting against the current MP pension plan, it was certainly deserving of this year's Lifetime Achievement Teddy waste award.

Class of '04 pensions vary from a "low" of \$32,313 to as much as \$44,135 per year. The amount an MP is eligible to collect continues to increase the longer they serve. Estimated lifetime benefits range from \$172,587 to \$1,195,273 – an average of \$788,000 per MP should they live to age 75. Not bad for six years of work! Total for class of '04 is estimated at \$59.9 million in lifetime benefits.

The CTF continues to demand pension reform whereby taxpayers contribute \$1 for every \$1 contributed by an MP. The current ratio has taxpayers coughing up \$4.50 for every \$1 contributed by an MP. The full analysis is available at Taxpayer.com. ■

British Columbia

Unite to fight city hall - and win!

Your CTF receives calls from people across the province shocked by the ever increasing property tax spiral and wondering what they can do to stop it. Your CTF has produced a number of reports, including the Property Tax Cap and Beggars' Checklist to show ways to get local governments back under the control of ratepayers.

In June your CTF joined with the Interested Taxpayers' Action Committee (ITAC) in West Vancouver to create a Ratepayers Association Template. The Template is a short, practical guide that outlines the steps groups can take to fight City Hall and win. You can get a copy at Taxpayer.com

ITAC is a great example of a successful ratepayers association, and the Ratepayers Association Template is modelled on its success. ITAC started up in 2006 and after four years, got the West Vancouver City Council to vote against a property tax hike in 2010.

ITAC is not the only group of concerned citizens in B.C. to band together to stop their local governments from creating an unaffordable property tax bur-

“In May 2010, citizens in Peachland rejected federal government stimulus money when they voted no to city borrowing to build a curling rink.”

den for home and business owners.

In May 2010, citizens in Peachland rejected federal government stimulus money when they voted no to city

borrowing to build a curling rink. In 2009, tax weary citizens in Dawson Creek voted no in a referendum asking whether the city should take on more debt to build a recreation facility. Also that year, citizens in Victoria shot down that city's plan to borrow big to replace a bridge.

We hope the template will empower other groups to band together to make local governments accountable to ratepayers. ■



Director Maureen Bader with members of the Interested Taxpayers' Action Committee (ITAC) in West Vancouver. ITAC and the CTF have created a Ratepayer Association Template available at Taxpayer.com.

Corporate welfare wastes your money

There truly is no government spending program more wasteful than corporate welfare. Governments take money out of your pocket and put it into the pockets of people who invest in schemes *governments* decide are winners. But as we see time and again, governments seldom pick winners, but losers frequently pick governments.

When first elected in 2001, Gordon Campbell promised to elimi-

nate government subsidies to businesses that give some companies or industries an unfair advantage over their competitors.

“It cost almost \$900,000 to create each 'green' job in Spain. The unemployment rate in Spain now hovers around 20%.”

But that promise is long gone. The B.C. government has created big handout programs for so-called 'clean' energy companies and film companies. The idea is to create jobs. Will it work? Probably not.

Spain is often pointed to as an example of green subsidy success.

British Columbia

However, a study by researchers at the Universidad Rey Juan Carlos in Spain showed that subsidies to clean power producers destroyed jobs in metallurgy, non-metallic mining and food processing, beverage and tobacco industries. Most of the renewable energy jobs created in Spain were temporary and created in the construction of the renewable energy projects. Only one-in-ten jobs in the 'green' energy sector was a permanent job and included those in operation and maintenance of the renewable sources of energy. The study found it cost almost \$900,000 to create each 'green' job in Spain. The unemployment rate in Spain now hovers around 20%.

A similar tale unreels in the film industry.



Maureen Bader
B.C. director

Film companies are notorious for setting one government against another in the corporate welfare game. They use the job-creation myth to suck bigger and bigger handouts from the pockets of taxpayers.

Last year, a group of video and animation companies got together and met with the provincial government ten times to lobby for a new film tax credit. When that new film tax credit was announced in June 2010, the first thing the vice-president of Disney Interactive Studios said was, "Maybe it needs to go higher." That's because Quebec has a similar tax credit that is twice as big.

It's time for government to say: Hasta la vista baby to losers looking for handouts. ■

Olympic spending: supporter survey results

Your CTF asked you what you thought about government spending to put on the 2010 Winter Olympic Games in Vancouver. We wanted to know what you would like to see from your CTF on this issue in the future.

More than 800 of you responded to our survey, and this is what you said:

- Most respondents, about 95%, agreed it was a costly event. Of those, 66% thought it wasn't worth it, while 28.5% thought it was.
- Now that the Games are over, 39% of respondents want to see an accounting of where the money went and another 30% would go as far as calling for a forensic audit. That said, the remaining 30% responded that we should just move on to other issues.
- Almost 60% of you who responded think the province of B.C. will be left with a big deficit.

Your CTF received almost 300 suggestions for future actions, most of which reinforced the call for an audit, but also wanted to see politicians held accountable. Many of you also commented on the positive benefits brought by the Games for B.C. and Canada.

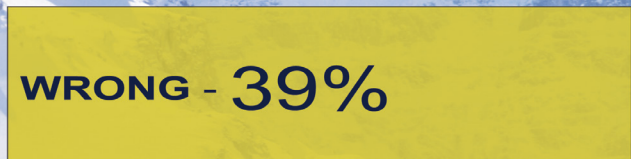
As more information on how taxpayer

dollars were spent dribbles out from all levels of government, you may be sure your CTF will be holding the government to account. ■

When Gordon Campbell blamed Global warming for the lack of snow on Cypress Mountain, he was:



RIGHT - 8%



WRONG - 39%



SAY WHATEVER TO GET ELECTED - 42%



UNSURE - 10%

Audit mess in Calgary needs outside help



by Scott Hennig
Alberta Director

Was the former City of Calgary auditor right when she said there was potential fraud in the procurement practices of the city? Was Calgary's chief administration officer correct when he said that there was no evidence of fraud?

Was PricewaterhouseCoopers right when they said the former auditor wasn't doing her job correctly?

These are just a few of the many questions Calgary ratepayers should be demanding an independent investigation on before elections this fall.

If you've been able to follow the saga of Tracy McTaggart, the now former City of Calgary

“Let me try and simplify: either the official City of Calgary auditor has been incompetent for the past six years or administration is trying to cover up, at best, unacceptable procurement policies and at worst, fraud of taxpayer money.”

“Independent” auditor take a bow, because it's not easy to follow.

The Coles Notes version of the events go something like this: City auditor does very few audits for many years, gets a one-year extension to finish an audit on procurement practices. A scathing audit comes out on city procurement showing too often contracts were awarded without competition and that values were changed without proper documentation.

Ms. McTaggart follows up

her scathing audit by promising to refer potential fraud in city procurement practices to the police. City administration fires back that there is no evidence of fraud and that the auditor missed a lot of records. An administration review done by PricewaterhouseCoopers of the audit office shows that Ms. McTaggart didn't view her role the same as administration and that she isn't following a number of standard audit practices. City council then fired Ms. McTaggart, paying her out upwards of \$100,000 in severance.

Whew! Got all that?

Let me try and simplify: either the official City of Calgary auditor has been incompetent for the past six years or administration is trying to cover up, at best, unacceptable procurement policies and at worst, fraud of taxpayer money.

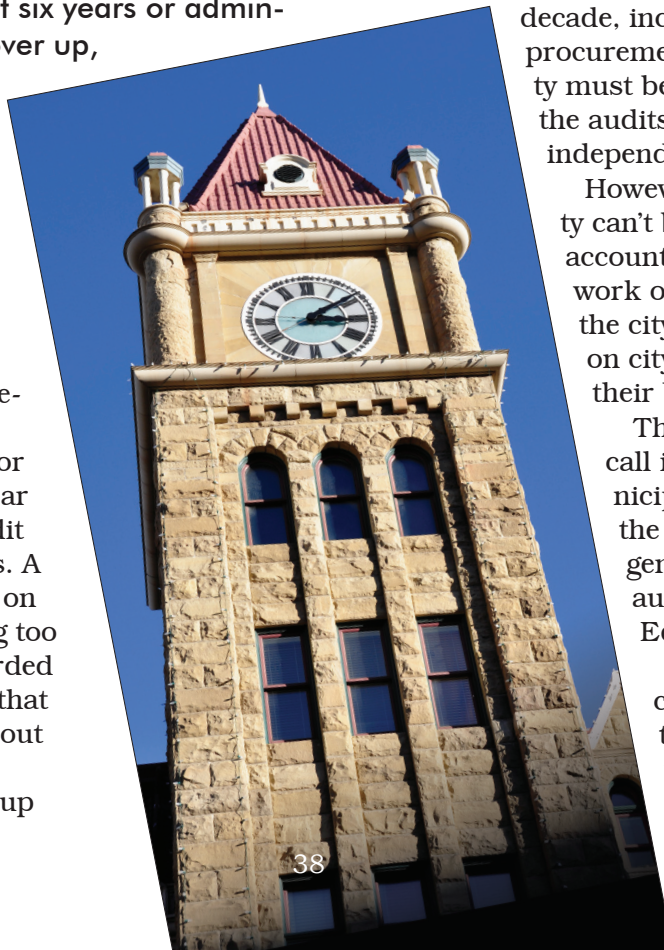
Either way, not good!

In order to determine the accuracy of the audits that have been done over the past half a decade, including the shocking procurement audit, a third-party must be brought in to review the audits and provide a truly independent view.

However, that third-party can't be some hand-picked accounting firm that does work on a regular basis for the city, and therefore relies on city business to boost their bottom line.

The only options are to call in the provincial Municipal Affairs ministry, the provincial auditor general, or another city auditor, like the City of Edmonton's.

Calgary ratepayers cannot afford to let this issue get swept under the proverbial rug. ■



Provincial deficit smaller than projected. *Hooray?*

Oh, how far the province has fallen when it's "good news" that the government only ran a \$1 billion deficit in 2009-10.

Now to be fair, it is considerably better than the \$4.7 billion deficit originally projected in Budget 2009. The decreased deficit is mostly thanks to one-time corporate tax revenues that occurred due to the change over from income trusts, an unexpected increase in bitumen prices and windfall revenues from the Heritage Savings Trust Fund.

Virtually none of the savings can be attributed to belt-tightening on the spending side. In fact, despite projecting the largest deficit in the province's history, the government managed to spend \$300 million more than originally budgeted.

Not surprisingly, much of that money went to emergency spending. This is due to the fact that despite spending, on average, \$507 million each year on various emergencies (floods, forest fires, droughts, etc.) the government routinely budgets \$0. Undoubtedly, this exact scenario will play out again in 2010-11 considering the summer flood damage in southern Alberta.

The troubling thing is that deficits in Alberta are on the rise, not on the decline. 2008-09 saw an \$852 million deficit, 2009-10 saw a \$1.032 billion deficit and 2010-11 is projected to produce a \$4.7 billion deficit.

Further, this past year's \$1 billion deficit does not include the nearly \$1.5 billion in borrowing done against the assets of the Sustainability Fund.

While on the surface, a billion

dollar deficit looks better than it could have, taxpayers in Alberta demand more. It's time our provincial politicians actually start controlling the one area they can: spending. ■

“The decreased deficit is mostly thanks to one-time corporate tax revenues that occurred due to the change over from income trusts, an unexpected increase in bitumen prices and windfall revenues from the Heritage Savings Trust Fund. Virtually none of the savings can be attributed to belt-tightening on the spending side.”



Provincial Bond Issue Comes Up Short

Your CTF was alone in the fight against expensive, provincial borrowing in the form of "Alberta Capital Bonds," but our efforts paid off.

The province was expecting to sell \$100 million in provincial bonds between February 1st and 28th, yet many government officials secretly expected the \$100 million in bonds would be sold out in the first few days.

Despite spending over \$497,000 on advertising the bond sale during the month, the province only was able to borrow \$79 million, a full \$21 million short of their official goal.

The Canadian Taxpayers Federation urged Albertans to boycott the bonds, and while many still did lend their money to the government, many more sent a message that their government shouldn't be going back into debt.

Keeping **Tabs** ON OUR POLITICIANS

This past February, CTF Prairie Director Colin Craig spent about four hours at the Saskatchewan Legislature combing through provincial politicians' expenses. You see, while their expenses are reported online by category (eg. MLA John Smith spent \$4,000 for furniture and equipment) it doesn't tell you what was actually purchased.

The only way taxpayers can gain insight into what their politicians are purchasing is by going into their local offices and asking to see more detailed reports and/or going to the provincial Legislature and combining through binders which have the reports for all MLAs.

After taking a quick scan through MLA expenses for 2008-09, Saskatchewan's expense system appears to be pretty good. Although there is room for improvement, it seems un-

likely that taxpayers are footing the bill for politician expense scandals similar to the ones in Nova Scotia and the UK.

However, we did have questions about expenses put forward by nine MLAs; for items ranging from \$900 office chairs and \$900 TVs to university tuition payments (see Taxpayer.com for more information). Unfortunately, the only way to get more information on the expenses is by asking MLAs themselves for details or permission to see the receipts. Unlike most government expenditures, MLA expenses and the funds available to their caucuses are exempt from the Freedom of Information process.

Ultimately we called on the Legislature Assembly to improve transparency by placing MLA expenses online and to bring the Assembly's expenses under the *Freedom of Information Act*. Fortunately, unlike our politicians in Ottawa, both parties expressed an interest in improving transparency for their expenses. We'll keep you posted. ■

Collect Call To Convict 4892817

Two thumbs up to the Brad Wall government for recently announcing that criminals will have to start paying for the calls they make while in provincial jails. The new charge is essentially a "user fee," designed to help the province cover off the cost of increased monitoring of inmate phone calls while in detention centres.

Good for them. If prisoners don't like the "user fee," the solution is simple – don't commit the crime in the first place!

However, not all calls will cost inmates. Calls to lawyers, the ombudsman and other "privileged" contacts will remain free.

According to the *LeaderPost*, the charges will range from \$1.35 to \$1.85 for collect calls.

To give Corrections, Public Safety and Policing Minister Yogi Huyghebaert a pat on the back for this initiative, call him at (306) 787-4377. ■



Prairie Director Colin Craig inspects MLA expenses at the Clerk's Office in the Saskatchewan Legislature

Top 10 Film Subsidies 2009-10

At some point, the Saskatchewan government, like many other provincial governments, got stars in their eyes and decided to start subsidizing movie companies for filming in the province. On the surface, it's easy to see how a politician could try and spin the public about how

"it's so great to lure film companies to the province with subsidies." However, that

completely ignores the fact there's a very real economic benefit from leaving the money in your pocket or your business's cash register!

For years the CTF has called for eliminating the province's \$12 million in annual film subsidies – worth upwards of 55% of a film's labour costs – but unfortunately that recommendation has fallen on deaf ears. We'll continue to fight for leaving those dollars in your pockets, but in the mean time, below is a list of the top ten recipients for 2009-10:

“For years the CTF has called for eliminating the province's \$12 million in annual film subsidies ...”

| Production Title | Production Company | Amount |
|--|---|-------------|
| Hybrid | Hunter Productions Ltd. | \$2,657,051 |
| Dolan's Cadillac | 10122273 Saskatchewan Ltd. | \$1,905,037 |
| A Dog Named Christmas | A Dog Named Christmas Productions Inc. | \$1,020,355 |
| The Shortcut | Shortcut Productions Inc. | \$990,444 |
| Little Mosque on the Prairie, Season III | Little Mosque Productions III Inc. | \$955,155 |
| Little Mosque on the Prairie, Season II | Little Mosque Productions II Inc. | \$793,342 |
| The Re-Inventors (24-35) | PA Series Productions III Inc. | \$478,438 |
| Rabbit Fall The Series | Rabbit Fall Films Series 1, Inc | \$475,971 |
| Crime Stories (39-48) | CS Series Productions VII Inc. | \$459,868 |
| Wapos Bay Episodes (14-19) | Wapos Bay Productions Episodes 14-19 Inc. | \$404,618 |

Positive Health Reform Beachhead Established

The Saskatchewan government recently announced great news for patients who require CT Scans – they're going to try and speed things up by partnering with a private sector provider.

While continuing to pay for the CT Scan service, the government will be looking to have the partner provide the services for patients in a provincial hospital as early as 2011. Given our aging population — that will soon place unprecedented demands on the

health care system - this is exactly the type of innovation that governments need to pursue if the system is to sustain itself. After all, health care spending now accounts for 42% of the provincial budget.

By partnering with private sector providers, governments can shop around for the best deal. Further, unlike the current public sector model, if the service isn't up to par, then the government can take its business elsewhere and hire a new firm. ■

Not So FROZEN Wages

To help slay this year's \$545 million deficit, one of the recommendations the CTF presented to Finance Minister Rosann Wowchuk in January was a two-year wage freeze for government employees. After all, private sector workers faced layoffs, wage freezes and pay-cuts during the economic slowdown, public employees should have to feel the pinch as well.

As the government has signed pretty generous contracts with public sector employees over the past decade (eg. guaranteeing the nurses union in 2008 that they would have the 4th highest pay levels in the country), it was one recommendation we weren't expecting to see any movement on.

To our surprise, the government announced in February that it would seek a two-

“The government announced in February that it would seek a two-year wage freeze for public sector employees ... However, as the saying goes, actions speak louder than words.”



year wage freeze for public sector employees; exactly what we recommended. However, as the saying goes, actions speak louder than words.

When the Manitoba Nurses Union contract was recently signed, it contained an up-front 2% lump sum payment followed by a 4% increase in the third year and an indexation of their pension plan for inflation. In other words there was no 'wage freeze'

like the government suggested, employees received the payment up front instead of over the next two years.

Worse yet, the contract paves the way for other government unions to call for similar increases. ■

School Tax Battle Continues

Phasing out school taxes remains a top priority of the CTF in Manitoba. Prairie Director Colin Craig brought the issue up with Finance Minister Rosann Wowchuk during a pre-budget meeting in January, held a press conference, circulated a commentary in March, and spoke at a school tax rally at the Legislature in June.

Hopefully, sooner rather than later, politicians will recognize school taxes as an archaic form of taxation; one that is completely removed from usage or the ability to pay. The CTF continues to collect signatures for phasing out school taxes. Those interested can find the petition on taxpayer.com. ■



Prairie Director Colin Craig addresses rally at the Manitoba legislature calling for reduction in school taxes.



Prairie Director Colin Craig (R) presents recommendations on MLA expense guidelines to Commissioner Michael Werrier

No Protection for Us, No Protection for Them

In November 2009, Manitoba's Auditor General released an audit which identified many weaknesses in the system governing MLA expenses. To the Legislative Assembly's credit, they subsequently asked Michael Werrier, a well-respected Winnipeg lawyer to lead an independent review on MLA expenses and make recommendations on how to improve the system.

Mr. Werrier contacted the CTF for input and Prairie Director Colin Craig subsequently presented recommendations to him in February. While preparing for the meeting, the CTF discovered that MLA expenses are currently adjusted for inflation — talk about a slap in the face to taxpayers!

After all, Manitoba is one of just three provinces in Canada that haven't indexed the personal income tax system for inflation. Thus, taxpayers' incomes are secretly eroded each year to the tune of millions of dollars. Known as 'bracket creep,' the CTF has been pushing the government to end the unfair practice for years, but they still haven't listened.

Understandably, one of the recommendations put forward to Mr. Werrier was to recommend the de-indexing of MLA expenses for inflation until taxpayers' incomes are protected. Other recommendations included putting expense receipts online for all to see (just like the City of Toronto does) and discontinuing the practice of gift giving. ■

R.I.P. Balanced Budget Legislation

For the third year in a row the Manitoba government gutted the province's *Balanced Budget Act*. First passed in 1995, the original legislation was something the CTF worked on with the Filmon government to create and often held it up as model legislation for other provinces to copy.

The legislation helped ensure that just as families had to balance their own budgets, so did the government.

This year the province passed *Bill 31*, changing the Act to allow for deficits until 2014-15 (even though our economy is growing) and reduced the deficit penalty for cabinet ministers from a 40% pay cut to 20%.

The CTF spoke to the changes at a Legislative committee meeting on



by Colin Craig
Prairie Director

“This year the province passed *Bill 31*, changing the Act to allow for deficits until 2014/15.”

June 2. We noted that businesses and families across the province had to tighten their belts during the economic slowdown and that governments should do the same. Further, we highlighted countless expenses that the government could have cut in order to balance the books.

They included a \$3.1 million grant for Greyhound, \$16 million in annual film subsidies, the billion dollar BiPole 3 hydro line boondoggle, a \$260 million loan to a U.S. wind company, \$31 million for a new house for polar bears in Winnipeg, skyrocketing public sector salaries and benefits, an 11.7% increase in the Legislative Assembly's costs over the past two years and a \$12,000 frivolous lawsuit to try and keep Air Canada in Winnipeg. ■

Eco Taxes Watch

On July 1st the McGuinty government not only put in place the new HST it also quietly snuck in the latest round of eco “fees” as part of its Waste Diversion Program. This time around “hazardous waste products” apparently include dish washing liquid, hair spray and aspirin.

This is now the fifth round of eco-taxes after two rounds of new electronics taxes, a new tax on tires and a first round of hazardous waste taxes.

When Ontarians found out at the till that yet another new tax had been imposed, they got loudly upset expressing that they have had enough with all the new taxes. The newest eco-tax is very confusing. A long list of products are taxed at different rates according to volume.

In response, the McGuinty government announced that it has eliminated this latest eco tax.

But don't be fooled.

The tax isn't being scrapped at all – it's being hidden. The McGuinty government will take 90 days to “review” the tax. During the review businesses will not have to collect and remit to Stewardship Ontario (the quasi-secret organization that absorbs the revenue). In-



by **Kevin Gaudet**
Ontario Director

stead, the \$5 million expected to be collected by this fifth round of eco-fees will simply come out of general revenue (read: the same taxpayers for whom the tax was apparently eliminated).

The government has stated that despite its review, it fully intends to continue with its Waste Diversion Program. Your CTF will campaign to roll back these taxes and the others McGuinty has imposed. Here is the list of all the items for which this latest eco tax hike applies:

- All aerosol containers, including those that contain paint, cleaners, food, hairspray, air fresheners and insecticide;
- Rechargeable batteries;
- Industrial stationary and non-lead acid motive batteries;
- Corrosives and irritants, such as drain cleaners, household bleaches, cleaning products and detergents;
- Portable fire extinguishers;
- Flammables including solvents, gasoline, automotive additives, and other assorted flammables;
 - Fluorescent tubes and bulbs;
 - Cold-cathode fluorescent lamps (CCFLs) used for backlighting in liquid crystal displays, like your computer or LCD TV;
 - Leachate toxics, including those materials that may be found in lighting ballasts for neon lights;
- Mercury devices, including thermometers;
 - Pharmaceuticals for both humans and pets, including prescription medications, over-the-counter drugs and natural health products;
 - Reactive materials which may include materials such as cream hardeners used in auto body repair;
 - Sharps, including needles, syringes, lancets and pens; and
- Toxic materials, which may include some adhesives and some automotive additives. ■

“But don't be fooled. The tax isn't being scrapped at all – it's being hidden.”



Native protests win exemptions

Once again, threatened protests by Aborigines in Ontario has the McGuinty and Harper governments folding like summer lawn chairs. This time it's over how the HST would be applied.

The PST and GST have each been treated differently for Aborigines. The PST was exempted at point of sale while the GST was paid at point of sale and returned at end of tax year upon request.

When the federal and Ontario governments announced plans for the HST, they determined that all current GST rules would apply. This meant that the tax would be charged at point of sale and Aborigines would apply to get that money back at tax time.

Aboriginal leadership declared their opposition to not being exempted immediately at point of sale and threatened the usual array of blockades, road closures and occupations. They further threatened to make a spectacle during the G8 and G20 visits (they didn't need any help with that!). Stan Beardy, Grand Chief of the Nishnawbe Aski Nation, said "if the thing isn't resolved, we have to tell our people to do whatever we need to do in order to protect our rights ... we will shut down the country if we have to."

Sure enough, these thug tactics work! Caledonia remains occupied and Messrs. McGuinty and Harper quick-



PRE G20 PROTEST/FICKR/LOZRBROY

“Aboriginal leadership threatened blockades, road closures and occupations ... during the G8 and G20 visits.”

ly made a – no doubt costly and bureaucratic – exception for HST point of sale exemption.

Getting their way wasn't enough. Even after winning the concession, members of the Batchewana First Nation blocked rail traffic in Northern Ontario on the grounds that two months to adjust for the change was too long! Your CTF continues to advocate for a rule of law that applies to all Canadians equally. ■

Nanny State Arrives At Great Cost

In September 2010, the nanny state will grow in Ontario with full-day kindergarten programs in nearly 600 Ontario schools. In September 2011, that number will expand to more than 800 schools.

It's all part of Mr. McGuinty's grand nanny-state plan to turn schools into 'community hubs' with everything from prenatal to dental services available. Schools would be open 12 months a year with the full scale of services not yet finalized.

Of course it bears repeating, again and again, just how expensive these programs are. Premier McGuinty promises this new program will "only" cost \$1.5 billion a year by 2015. His record on such promises is sorely lacking.

According to the Institute of Marriage and Family, his full scheme would total at least \$6.1 billion annually. All-day kindergarten alone rings in at \$1.8 billion annually (\$9,000 a child). This massive cost increase come at a time when the McGuinty government is already borrowing \$53 million a day.

Ever wonder what an average day for a politician might look like? Well, Nova Scotia Auditor General Jacques Lapointe's look at Nova Scotia MLAs' expenses provides a little insight into the life of a provincial politician.

It seems MLAs watch lots of TV (on really big screens) – Lapointe found that, in total, MLAs purchased 19 TVs at taxpayer expense over the three years he audited. And we're not talking about a small TV for the corner of

one's desk to catch the evening news – for example, former Lunenburg West Conservative MLA Carloyn Boliver Getson billed \$1,600 for her 50 inch plasma TV.

You get to help your family out when you're an MLA. Keith Colwell, Liberal MLA for Preston, bought a 3-D art picture from his brother with your tax dollars. Another Liberal, Wayne Gaudet from Clare, paid his brother \$1,250 to shovel the walkway of his office.

Like to read? Well, become an MLA. NDP member Howard Epstein expensed almost \$3,000 for books. He says most of them are about politics ... as if this should give us some comfort. No need to stop at books. MLAs also get to build their personal hobby collections. House Speaker and NDP member Charlie Parker billed almost \$800 for a model boat – apparently it's quite detailed.

Want to accessorize your wardrobe? MLAs do that too. Premier Darrell Dexter expensed a Roots "handbag." Some have described it as resembling more of a "man purse."

And lastly, MLAs spend lots of time playing with the latest electronic gadgets. MLAs expensed

Taxpayers in NO Mood to DANCE DANCE with MLA Expenses

“CTF has recommended a Citizens Panel of regular people be established to set new rules surrounding everything from expense reimbursement to salary and benefits.”

everything from computer equipment, electronic book readers and MP3 players. Over a three-year period, Len Goucher, Conservative MLA for Bedford, expensed 11 computers, 12 printers, five digital computers, four MP3 players and even expensed the X-Box video game Dance Dance Revolution. If you don't know the game, its website says that it takes “the dance floor to a whole new level” — an asset to any MLA.

Now, you're probably wondering how all this X-Box dancing, wardrobe shopping, and TV watching ended up on the taxpayers' tab.

The Internal Economy Board — a secretive committee made up of MLA's of all parties — set the rules and regulated politicians' expenses.

With politicians regulating themselves, problems are bound to happen. That's why the CTF has recommended a Citizens Panel of regular people be established to set new rules surrounding everything from expense reimbursement to salary and benefits. This way, taxpayers can have more confidence that dancing and wardrobe shopping will not be on the public dime! ■

Big Spending = Big Taxes for Nova Scotians

It wasn't the happiest of Canada Day celebrations for Nova Scotians this year.

A growing deficit and run away government spending has the new NDP government rushing to raise income taxes and hike the HST. On July 1st the HST jumped to 15% – an increase of two points, making it the highest in the country.

Nova Scotia's Finance Minister says it's not his fault. He claims he inherited the mess from the previous Conservative government.

But since being elected, the new government has only made things worse. For example, the government has chosen to give over \$60 million in cash and various loans to a large South Korean company to buy a 49% stake in a crumbling steel work plant in Pictou. The plant hasn't op-



by Kevin Lacey
Atlantic Director

erated in three years since its previous private owners couldn't earn a profit. The Premier himself is unsure the deal will result in a return on the province's investment.

The Nova Scotia government tried and failed at this kind of venture before. The Sydney Steel Corporation lost millions before Premier John Hamm had the courage to make the right – but difficult – decision to close it down. Then Nova Scotia Resources Limited (NSRL) lost \$800 million trying to operate a publicly owned oil and gas exploration company that the government eventually had to sell.

Perhaps before the Finance Minister gets too zealous justifying a 15% HST hike because of the previous government's mismanagement, he should take a closer look at his own. ■

Keystone Cops Handed Keys at NB Power

In 2005, NB Power was nominated for a CTF Teddy Waste Award after the previous Conservative government committed \$600 million to convert the Colson Cove Power Plant to burn orimulsion, an oil product from Venezuela. Not a bad idea except no one bothered to sign a contract with the company that manufactures orimulsion and that company decided it was no longer going to make it.

The result was that money to convert the plant was wasted and NB Power eventually asked for rate increases on residents to recuperate its losses.

So, maybe a new government could figure it out?

Not so fast.

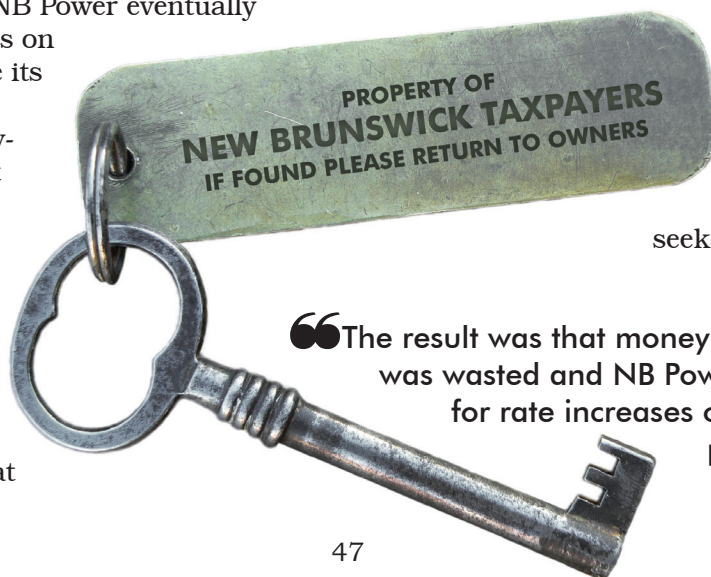
The Liberal government elected in 2006 tried to sell NB Power to Hydro Quebec. They argued the sale would result in a huge lump sum payment that

could be put towards the company's debt. The deal offered rate cuts for businesses and a residential rate freeze for five years.

But New Brunswickers, angry the deal gave the Quebec government ownership over their power rates, fought the deal. Polls showed that almost 90% opposed the sale.

The result? With a fixed election in September 2010, the government caved to public pressure and cancelled the deal with Hydro Que-

bec. The ill-advised scheme cost taxpayers \$8 million dollars for marketing, consultants and lawyers. NB Power is currently seeking higher rates. ■



“The result was that money to convert the plant was wasted and NB Power eventually asked for rate increases on residents to recuperate its losses.”

Rates so low, you'd think...

Your CTF is pleased to announce a rate reduction for supporters who have signed up for the CTF's exclusive long distance affinity program. Supporters can now call anytime, anywhere in Canada and the U.S. for just 3.9 cents a minute. And, CTF supporters (provided both are signed up) can still call each other for a rate of only 2.5 cents a minute!

**Long distance
telephone rates:**

3.9¢

2.5¢

a minute for supporter-
to-supporter
calls

A minute anytime, anywhere
in Canada or the U.S.

The CTF has partnered with West Can
Telecommunications to provide this great long
distance package exclusively for CTF supporters

Billing by the minute / Low international long distance rates
Low rates on toll-free services / Conference calling

Call today to get in on this great deal:

1-877-518-4283